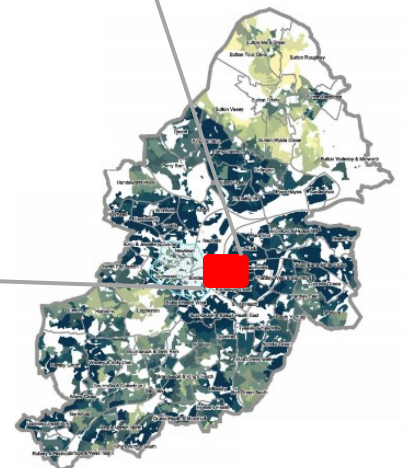
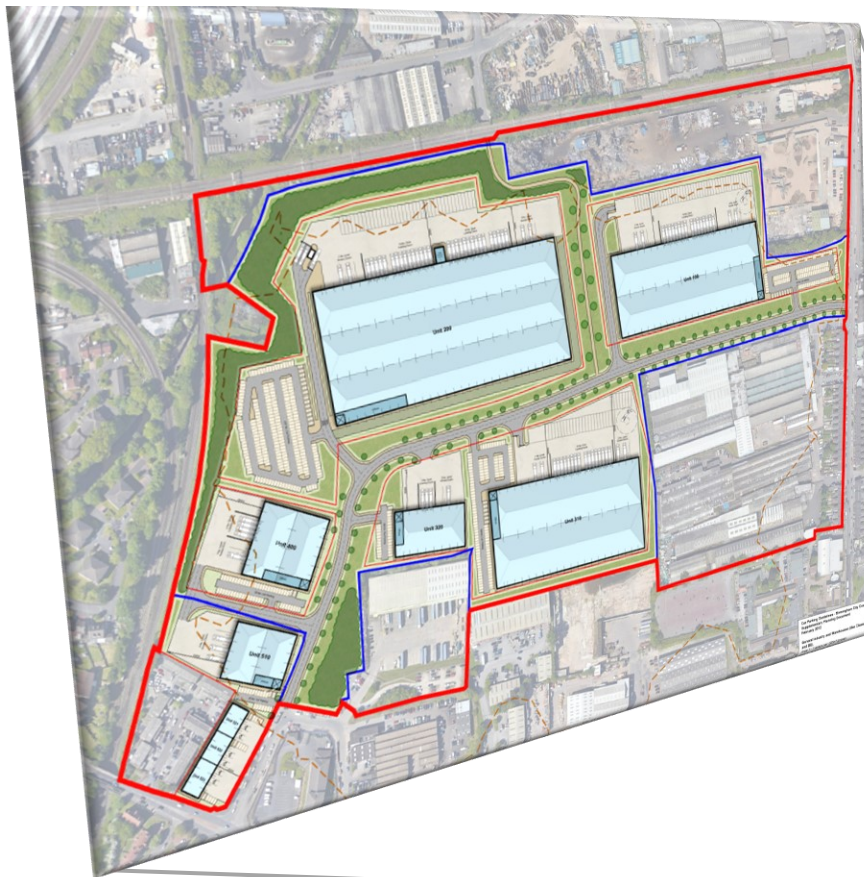


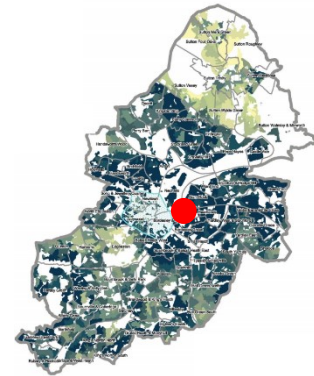
BIRMINGHAM CITY COUNCIL

Wheels Site Remediation Levelling Up Fund



Executive Summary

Investing in infrastructure has the potential to improve lives by giving people pride in their local communities; bringing more places across the UK closer to opportunity; and demonstrating that government can visibly deliver against the diverse needs of all places and all geographies. Communities across Birmingham and the links between them are fundamental parts of our shared economy, culture and society.



As set out within the Levelling Up Fund Prospectus, “economic differences remain between different parts of the UK, including our cities, ex-industrial towns, and rural and coastal communities. These economic differences have real implications: they affect people’s lives through their pay, work opportunities, health and life chances. Tackling these economic differences and driving prosperity as part of ‘levelling up’ left behind regions of the UK is a priority for this Government”. The Levelling Up Fund provides an opportunity for investment into targeted locations across Birmingham to level up longstanding local economic differences that have stifled the broader regional economy, but also significantly impact the local communities and their ability to thrive.

Following a review of potential Tranche 1 schemes across Birmingham against the funding criteria, the Wheels Site was deemed a priority for the city. The following application form sets out a clear case for investing into this much needed remediation and regeneration scheme. Throughout the document, the four following priorities of the Levelling Up Fund have been highlighted:



Characteristics of the place – setting out a clear narrative for why investment is needed within the specific location and how the associated characteristics align to the broader Levelling Up objectives.



Deliverability – setting out the financial, management and commercial cases for investment, with capital expenditure in 2021/22 that will quickly unlock the benefits aligned to the Levelling Up objectives.



Strategic fit with local and Fund priorities – clearly identifying how the scheme contributes to local, regional and national priorities.



Value for money – an economic case, explaining the benefits of the scheme and how it represents value for money.

Birmingham City Council are delighted to have the opportunity to receive capital investment into a scheme that will unlock a significant plot of developable land in close proximity to Birmingham city centre, enabling growth and contributing to levelling up within the city region.

The East Birmingham and North Solihull area has historically faced a number of economic, social and environmental challenges including persistently high levels of

unemployment, low levels of academic attainment and skills, poor transport connectivity, a shortage of employment land and a weak development market. Area based initiatives and programmes have delivered positive outcomes, however persistent inequalities remain, suggesting that these entrenched challenges require a new approach.



The East Birmingham Inclusive Growth Strategy¹ is a comprehensive multi-agency approach that seeks to ensure that the benefits of growth are shared more fairly, providing new opportunities for local people to change their lives for the better and delivering lasting improvements to living standards, education and skills, access to jobs and opportunities, health, the environment, local places and transport. The development of the Wheels Site for employment uses is a key part of the Inclusive Growth Strategy and will be complemented by skills and training programmes to connect the local community to the job opportunities created.

The project involves the development of a large industrial/business park on an under-used brownfield site in a deprived part of inner Birmingham. The scheme has the potential to attract high profile occupiers and discussions are ongoing with a nationally recognised manufacturer of sustainable, low carbon products.



The proposal will enable a high quality industrial and logistics development which will create up to 3,000 jobs and 1m sq.ft. of new high-quality employment floorspace. There is a shortage of employment land in the city, therefore the additionality of the employment effects is expected to be high. The high unemployment in Birmingham is a great challenge for the growing city. As the intervention will enable the creation of a substantial number of new jobs, there is a strong case for Levelling Up funding.



The public sector funding is expected to deliver good value for money, achieving an estimated benefits to cost ratio (BCR) of up to **3.05**. This is based on the impact the scheme will have in terms of direct and wider land value uplift, crime reduction and labour supply impacts.

The scheme is planned for delivery by **March 2024** and has a total estimated capital cost of **£19.05m**. The financial approval sought by this proposal totals **£17,145,000**.



¹ https://www.birmingham.gov.uk/downloads/file/19118/east_birmingham_inclusive_growth_strategy_2021



Levelling Up Fund Application Form

This form is for bidding entities, applying for funding from the Levelling Up Fund (LUF) across the UK. Prior to completing the application form, applicants should read the [LUF Technical Note](#).

The Levelling Up Fund Prospectus is available [here](#).

The level of detail you provide in the Application Form should be in proportion to the amount of funding that you are requesting. For example, bids for more than £10m should provide considerably more information than bids for less than £10m.

Specifically, for larger transport projects requesting between £20m and £50m, bidding entities may submit the Application Form or if available an Outline Business Case (OBC) or Full Business Case (FBC). Further detail on requirements for larger transport projects is provided in the [Technical Note](#).

One application form should be completed per bid.

Applicant & Bid Information

Local authority name / Applicant name(s)*: [Birmingham City Council](#)

**If the bid is a joint bid, please enter the names of all participating local authorities / organisations and specify the lead authority*

Bid Manager Name and position: [Doug Lee](#)

Name and position of officer with day-to-day responsibility for delivering the proposed scheme.

Contact telephone number: [XXXXXXXX](#), Mob: [XXXXXXXXXXXX](#)

Email address: doug.lee@birmingham.gov.uk

Postal address:

[Area 9 | 2nd Floor | 1 Lancaster Circus | Queensway | Birmingham | PO BOX 28 | B1 1TU](#)

Nominated Local Authority Single Point of Contact:

[Phil Edwards](#)

[Assistant Director – Transport and Connectivity](#)

[Inclusive Growth Directorate](#)

Birmingham City Council

1 Lancaster Circus Queensway, PO Box 14439

Birmingham, B2 2JE (Sat Nav B4 7DJ)

XXXXXXXXXX

Philip.edwards@birmingham.gov.uk

Senior Responsible Officer contact details:

Ian MacLeod

Acting Director, Inclusive Growth

Tel XXXXXXXXXXXX

Inclusive Growth Directorate

Birmingham City Council

PO Box 28

B1 1TU

Email: ian.macleod@birmingham.gov.uk

Chief Finance Officer contact details:

Rebecca Hellard

Director of Council Management (Interim)

Birmingham City Council

Ground Floor, Zone 2

Birmingham, B7 4BL

rebecca.hellard@birmingham.gov.uk

Country:

England

Scotland

Wales

Northern Ireland

Please provide the name of any consultancy companies involved in the preparation of the bid:

Savills (UK) Ltd, Arcadis and Tetra Tech

For bids from **Northern Ireland applicants** please confirm type of organisation

- | | |
|---|---|
| <input type="checkbox"/> Northern Ireland Executive | <input type="checkbox"/> Third Sector |
| <input type="checkbox"/> Public Sector Body | <input type="checkbox"/> Private Sector |
| <input type="checkbox"/> District Council | Other (please state) |

PART 1 GATEWAY CRITERIA

Failure to meet the criteria below will result in an application not being taken forward in this funding round

1a Gateway Criteria for **all bids**

Please tick the box to confirm that your bid includes plans for some LUF expenditure in 2021-22 Yes
 No

Please ensure that you evidenced this in the financial case / profile.

1b Gateway Criteria for private and third sector organisations in **Northern Ireland bids only**

(i) Please confirm that you have attached last two years of audited accounts. Yes
 No

(ii) **Northern Ireland bids only** Please provide evidence of the delivery team having experience of delivering two capital projects of similar size and scale in the last five years. (Limit 250 words)

N/A

PART 2 EQUALITY AND DIVERSITY ANALYSIS

2a Please describe how equalities impacts of your proposal have been considered, the relevant affected groups based on protected characteristics, and any measures you propose to implement in response to these impacts. (500 words)

The Bordesley Park Area Action Plan (BPAAP)², adopted on the 14th January 2020, is supported by an Equality Analysis. It is considered that the overall impact of the change envisaged in the BPAAP will benefit residents. Given that the Bordesley Park area has a relatively young population compared to both Birmingham and England, the proposals will have a significant impact on certain groups such as younger people. The positive impacts of the proposals include enhanced employment opportunities which will be targeted at the local community, enhanced accessibility with potential improvements in air quality, and enhancing quality of life.

The impact on the affected equality groups can be summarised as follows:

- Disability – new development will be accessible to all
- Race – almost half of the population of the Bordesley Park area is of Pakistani origin and more than 10% Bangladeshi. The overall impact of the development will benefit all residents providing enhanced employment opportunities which will be targeted at the local community.
- Religion and Beliefs – Considered to be not applicable
- Sexual Orientation – Considered to be not applicable.

Following an Examination in Public on 30 May 2019 there were no modifications to the BPAAP. Overall, there has been support for the positive proposals and improvement included within the BPAAP.

The assessment concludes that the proposals do not have an adverse impact on the groups and characteristics protected under the Equality Act 2010. The Equality Impact Assessment will be reviewed every two years by the Birmingham Inclusive Growth Unit.

An initial screening for an Equality Analysis (EA) has been undertaken for the LUF bids (including for the Wheels site, refer to **Appendix 15**) and concluded that a full EA is not required at this time, with no adverse impacts on the protected groups and characteristics under the Equality Act 2010. This position will be reviewed for each composite project and/or programme at FBC stage as necessary.

The screening concludes that “The facilities and measures proposed within the bids for the Levelling Up Fund proposals are for all users and none are excluded. No measures are considered to discriminate against protected groups in terms of age, race, gender reassignment, sexual orientation, sex, pregnancy or maternity, disability, marriage / civil partnership or religion / belief”.

PART 2 EQUALITY AND DIVERSITY ANALYSIS

2a Please describe how equalities impacts of your proposal have been considered, the relevant affected groups based on protected characteristics, and any measures you propose to implement in response to these impacts. (500 words)

When authorities submit a bid for funding to the UKG, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within five working days of the announcement of successful bids by UKG. UKG reserves the right to deem the bid as non-compliant if this is not adhered to.

Please specify the weblink where this bid will be published:

<https://www.birmingham.gov.uk/levelling-up-fund>

² https://www.birmingham.gov.uk/downloads/file/16152/bordesley_park_area_action_plan_2020

PART 3 BID SUMMARY

3a Please specify the type of bid you are submitting

Single Bid (one project)

Package Bid (up to 3 multiple complimentary projects)

3b Please provide an overview of the bid proposal. Where bids have multiple components (package bids) you should clearly explain how the component elements are aligned with each other and represent a coherent set of interventions (Limit 500 words).

The East Birmingham and North Solihull area has historically faced a number of economic, social and environmental challenges. Area based initiatives have delivered positive outcomes, however persistent inequalities remain (refer to **Appendix 10**) suggesting that these entrenched challenges require a new approach.

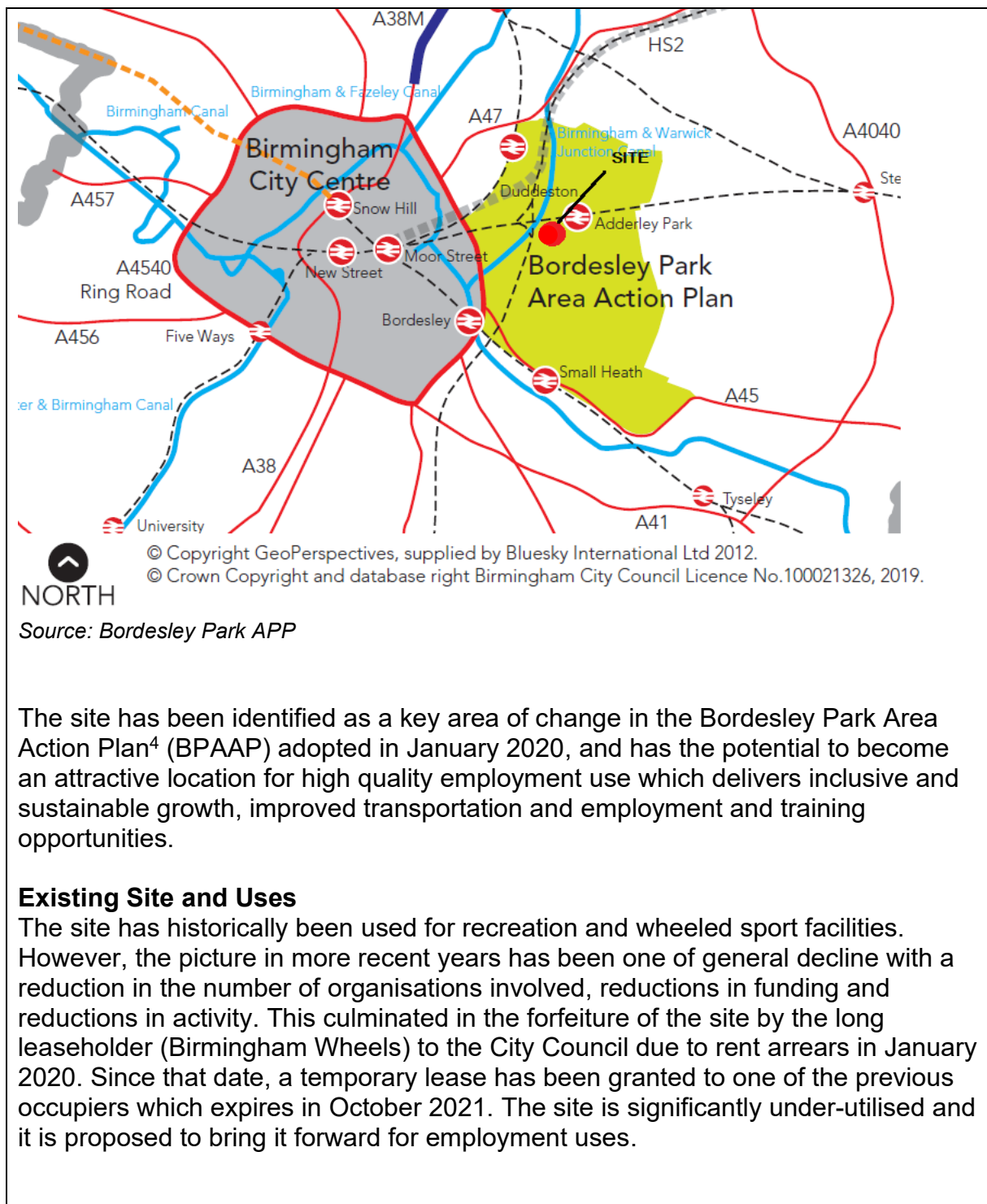
The development of the Wheels site for employment uses is a key part of the East Birmingham Inclusive Growth Strategy³ (**Appendix 13**) and will be complemented by skills and training programmes to connect the local community to the job opportunities created.

The project involves the development of a large industrial/business park on an under-used brownfield site. The scheme has the potential to attract high profile occupiers and discussions are ongoing with a nationally recognised manufacturer of sustainable, low carbon products.

The site of 20.9 ha is in a commercially attractive location – on the eastern gateway to Birmingham City Centre and in proximity to an existing railway station and planned infrastructure (new Metro route and HS2 Curzon Street station).



³ https://www.birmingham.gov.uk/downloads/file/19118/east_birmingham_inclusive_growth_strategy_2021



⁴ https://www.birmingham.gov.uk/downloads/file/16152/bordesley_park_area_action_plan_2020



Source: BCC, Savills

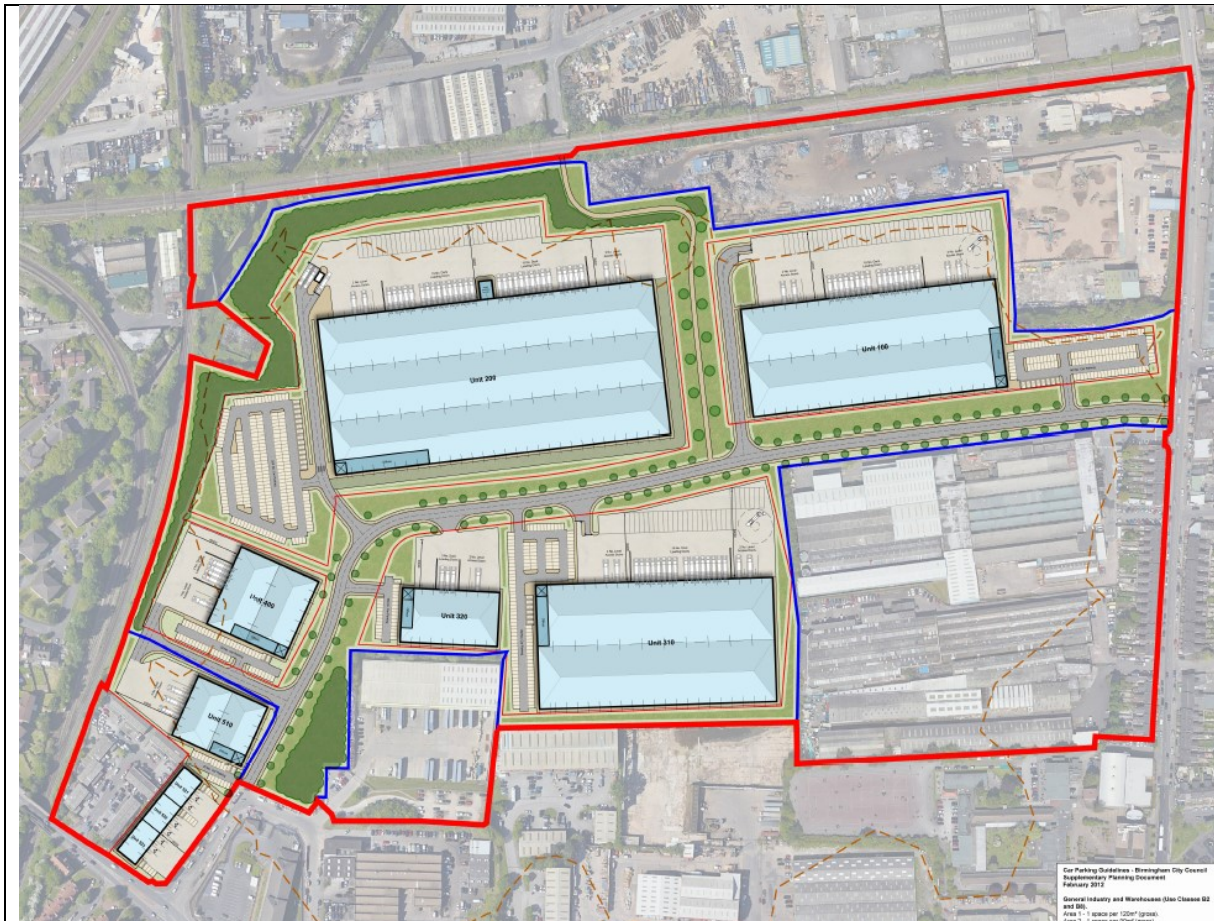
Proposed Scheme

The scheme is to provide:

- remediation of 20.9 ha of land
- access improvements

The scheme will enable:

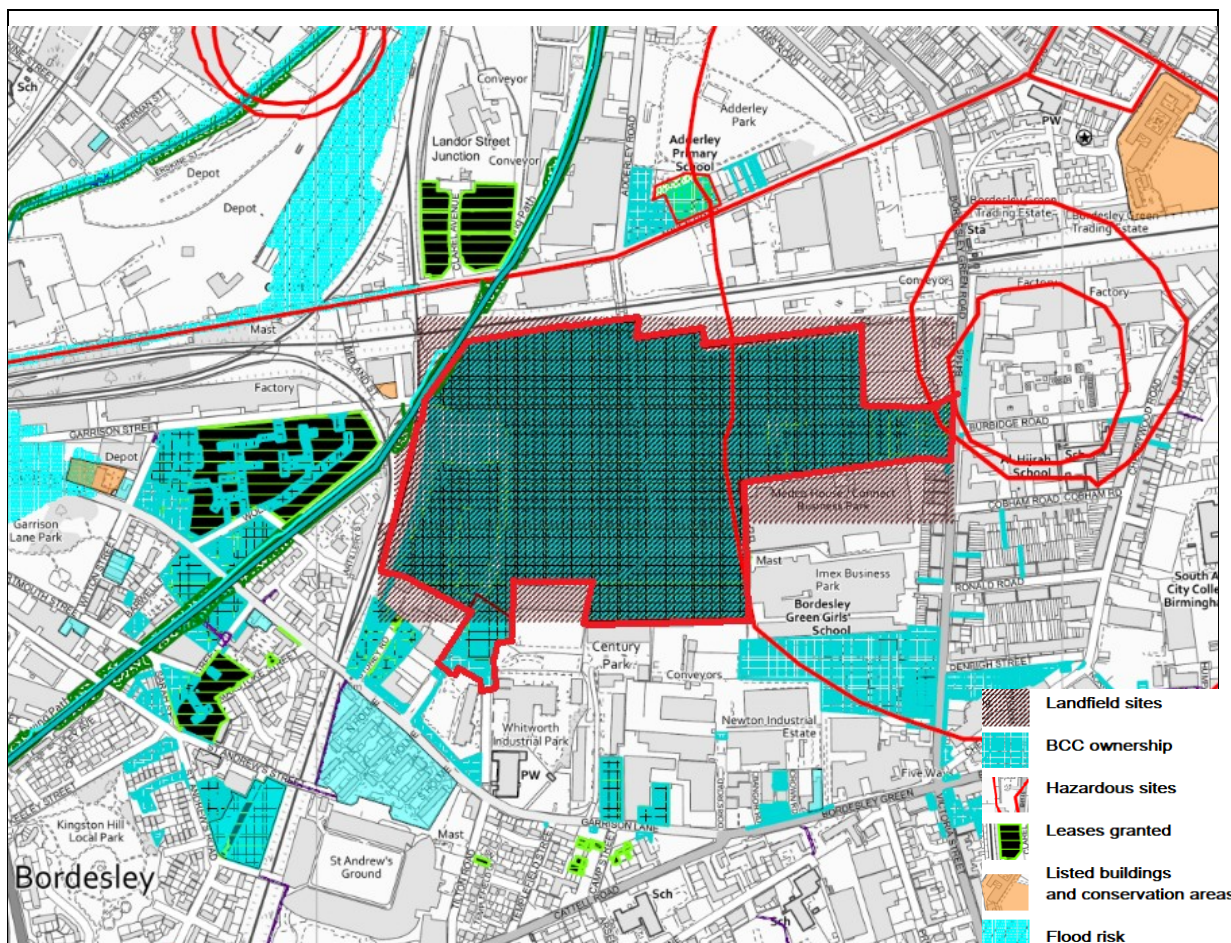
- up to 1 million sq ft of new and improved employment-led development, creating up to 3,000 jobs and training opportunities targeted at the local community, and
- associated infrastructure including new access routes, an internal road network and improved access to public transport



Source: UMC Architects, 2021

Site Constraints

The site has a number of constraints including contamination and buried walls due to its former use as brickworks and landfill. Other constraints include Japanese Knotweed, unidentified unexploded bombs, access, a poor environment, and significant differences in ground levels.



Source: BCC, Savills

The bid seeks to secure £17.145m of funding for remediation of the site to allow the land to be utilised for future employment opportunities (refer to Section 4.3c for details).

The LUF bid will facilitate the development of the site which is expected to provide the catalyst for the regeneration of the local area and contribute to the City Council's wider aspirations for the East Birmingham growth corridor.

3c Please set out the value of capital grant being requested from UK Government (UKG) (£). This should align with the financial case:

£17,145,000

3d Please specify the proportion of funding requested for each of the Fund's three investment themes

Regeneration and town centre - 100%

Cultural – 0%

Transport – 0%

PART 4 STRATEGIC FIT

4.1 Member of Parliament Endorsement (GB Only)

See technical note section 5 for Role of MP in bidding and Table 1 for further guidance.

4.1a Have any MPs formally endorsed this bid? If so confirm name and constituency. Please ensure you have attached the MP's endorsement letter.

Yes

No

A letter of endorsement from Liam Byrne MP is attached (**Appendix 6**). Liam Byrne is a chair of the East Birmingham Board and MP for the neighbouring constituency of Hodge Hill.

While this bid is formally endorsed and supported by constituency Liam Byrne MP we have also shared details of the project with neighbouring MPs, who are also supportive.

4.2 Stakeholder Engagement and Support

See technical note Table 1 for further guidance.

4.2a Describe what engagement you have undertaken with local stakeholders and the community (communities, civic society, private sector and local businesses) to inform your bid and what support you have from them. (Limit 500 words)

The vision for Bordesley Park has been developed throughout the plan-making process and has been subject to three rounds of consultations:

- on the Bordesley Park Options Report, between August and October 2011
- on the Preferred Options Report, between July and October 2013, and
- on the Pre-Submission Report, between March and May 2017.

The consultation period was publicised locally, online and through direct communication. Given the diverse population profile various communication platforms were used to ensure that all community members could participate and understand the plan during preparation. Several newsletters were posted to every address within the BPAAP boundary. The newsletters were translated upon request. A series of public exhibitions (24 events in total) were held to enable local people to respond to the proposals. Letters and emails were sent to some 30 community groups which were identified in the area. Officers attended relevant ward and constituency committees to provide formal briefings. Several meetings were held with landowners, businesses and stakeholders including at the Wheels site. The BPAAP website was created with the details of the proposals and an online consultation portal enabled online comments.

The Wheels site generated the most comments with a number of submissions from the site's occupiers, users, sport promoters and national organizations representing racing, stock cars and karting. A significant number of submissions were received from users of the speed skating facility. These included concern over the future operation of the leisure activities.



During the consultation events many residents have expressed their support for job creation in the area. There was also interest from the commercial sector regarding the potential for the delivery of significant new industrial floorspace.

In response, BCC has acknowledged the range of activities on the Wheels site and expressed its willingness to work with occupiers regarding options for their future operation. The adopted BPAAP highlights the Wheels site as Core Employment Area – which reflects the Birmingham Development Plan.

The need of employment land is compelling due to existing pressures on the city's industrial land supply and the ongoing need to deliver employment land as evidenced by the Birmingham Employment Land Assessments.

All the responses gathered during the consultations were considered in the production of the final BPAAP.

4.2b Are any aspects of your proposal controversial or not supported by the whole community? Please provide a brief summary, including any campaigns or particular groups in support or opposition? (Limit 250 words)

The majority of objections to proposals within the AAP were related to the need to safeguard the existing sporting activities and recreational uses and a number of petitions were received regarding the loss of the existing facilities at the site. Following the Public Examination and adoption of the AAP matters came to a head with the forfeiture of the site by the long leaseholder (Birmingham Wheels) as a result of rent arrears.

BCC is committed to partnership working with occupiers, whenever possible, including helping them with the relocation. A draft relocation strategy was prepared for the Birmingham Wheels Roller Skating Club which is a community, not for profit, sports club run by a group of volunteers and coaches. Potential alternative sites have been identified and discussion are taking place to progress a development of new facilities.

4.2c Where the bidding local authority does not have the statutory responsibility for the delivery of projects, have you appended a letter from the responsible authority or body confirming their support?

N/A

For Northern Ireland transport bids, have you appended a letter of support from the relevant district council

N/A

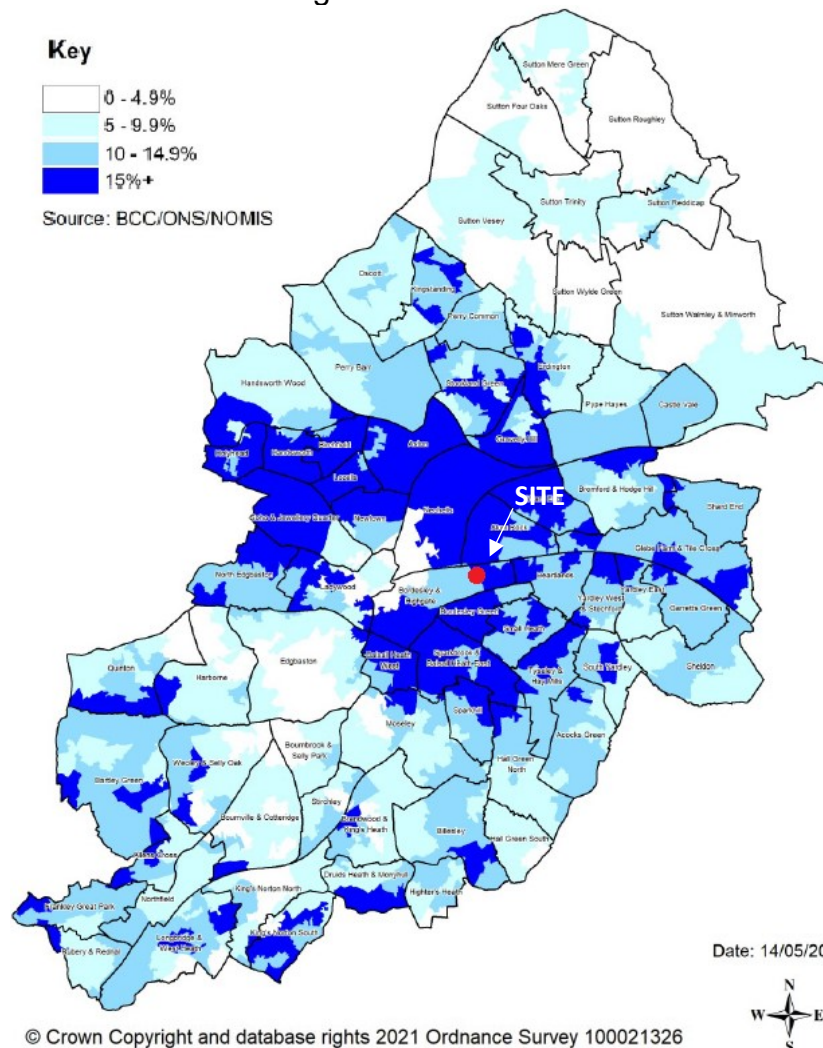
4.3 The Case for Investment

See technical note Table 1 for further guidance.

4.3a Please provide evidence of the local challenges/barriers to growth and context that the bid is seeking to respond to. (Limit 500 words)

Too many Birmingham residents are unemployed

Birmingham has the highest claimant unemployment rate (15.3%) amongst the core West Midlands cities and is well above the UK average (7.8%). East Birmingham is especially affected by unacceptably high-levels unemployment levels with approximately a quarter of all job claimants across the WMCA being from the area. In Ladywood, where the Wheels site is located, the claimant count is 28.2% and in Hodge Hill, which lies in close proximity to the site the rate is 27.3% as highlighted by MP Liam Byrne in the attached letter of endorsement and the Baseline Report for East Birmingham North Solihull prepared by Peter Brett Associates LLP (**Appendix 10**). The area has higher levels of working age population without NVQ qualifications 37% compared Great Britain average 43%.



Source: Birmingham Claimant Count Unemployment Monthly Update - April 2021 Data

These statistics highlight a need for change to support residents and businesses to realise their full potential by reducing barriers to growth, employment and training.

Employment land is in short supply

Birmingham's industrial sector has a key role to play in meeting the city's job growth requirements. A strong demand for the best and good urban categories resulted in a

shortage of readily available industrial land as evidenced in the BCC Employment Land and Office Targets Study 2013. The market has significantly further tightened since then as verified by market signals (Section 5.1a). The provision of sufficient land to enable the economic base to diversify and grow is critical to the prosperity of the city and wider region.

The Wheels Opportunity

The site is located at the gateway to the city centre and in proximity to existing public transport (Adderley Park station and bus services) and planned future infrastructure (metro line and HS2 Curzon Station). The Wheels site is of key importance for Birmingham as it's virtually the last large developable site (20.9 ha) within the urban area. The site has a potential to bring a transformational change to the Bordesley Park area by enabling economic development and job growth.

What's needed to overcome the challenges

The Wheels site has long been recognised to have a number of sensitivities and constraints, including historic difficulties in securing vacant possession and finding a cost effective solution to addressing ground condition issues. The site is contaminated, has buried walls, Japanese Knotweed, unidentified unexploded bombs, constrained access, a poor environment and significant differences in ground levels (**Appendix 11** presents contamination details). The wider area is characterised by low grade industrial stock and mixed quality terraced housing along Bordesley Green Road. The area is in need of regeneration and investment.

Savills' development appraisal, prepared for the proposed industrial scheme, returned a residual land value of

XX
 XXX.

The LUF funding and proposed remediation works will address the major barriers to development and enable development of this strategic site.

4.3b Explain why Government investment is needed (what is the market failure)? (Limit 250 words)

Despite the site being in close proximity to the city centre, the cost of remediation of the brownfield land, site clearance and utilities costs constitute a too large proportion of the ultimate market value of the development for the scheme to be viable.

The Project has been developed to address the following market failures:

Externalities (Higher degree): The full value of redeveloping brownfield sites is not captured in market prices and too little redevelopment is undertaken as a result. Existing brownfield sites negatively impact the local area and generate third party costs. The gains from removing such impacts through redevelopment do not go to private developers so there is a reduced incentive to develop a scheme despite demand. This results in an undersupply of employment land, where coordinating action could improve outcomes for society.

Imperfect Information (Higher degree): The costs of redeveloping brownfield land are uncertain. There is a likelihood that valuers and lenders overestimate risk and investors underestimate returns in this context, perceptions of poor viability (reflected

in profitability or land values) are exaggerated and too few redevelopment schemes take place, given demand. Levels of investment in land and property are lower than is optimal.

'Doing nothing' will mean the deprivation and social constraints described are not addressed, and the productivity potential of businesses is not fully realised.

4.3c Please set out a clear explanation on what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers with evidence to support that explanation. As part of this, we would expect to understand the rationale for the location. (Limit 500 words)

The proposed intervention includes site investigations and remediation works, access improvements and third party acquisition. The break-down of activities is as follows:

- Further site investigations & ecological surveys - £300k
- Remediation and ground excavations - £6.25m
- Demolition and clearance of material / tyres - £750k
- Ecological mitigation - £150k
- Japanese Knot Weed treatment - £500k
- Service/utility diversions & installation - £4m
- On site access - £2m
- Off site highway improvements - £1.1m
- Third party acquisition (XXXXXXXXXX XXX XXXXX) - £4m

The estimated total cost of these works is £19.05m including the LUF requirement of £17.145m and the BCC match funding of £1.905m.

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Source: Savills, Land Registry

The proposed interventions address the major barriers and enable development of this strategic site.

Once the site is remediated it has a potential to be a catalyst for the regeneration of both the Bordlesey Park area and the wider East Birmingham corridor which is strategically located between two of the major drivers of the West Midlands economy, the city centre and the Birmingham Airport/NEC/M42 corridor, coupled with the assets of the area, present a significant opportunity for the economic revitalisation and regeneration of the area, both for the benefit of the local community and the city as a whole.

4.3d For Transport Bids: Have you provided an Option Assessment Report (OAR)
 N/A

4.3e Please explain how you will deliver the outputs and confirm how results are likely to flow from the interventions. This should be demonstrated through a well-evidenced *Theory of Change*. Further guidance on producing a Theory of Change can be found within [HM Treasury's Magenta Book](#) (page 24, section 2.2.1) and [MHCLG's appraisal guidance](#). (Limit 500 words)

This project will redevelop well-located and underused land for much needed employment uses to ensure it realises its full potential. The site can become a catalyst for the transformation of the Bordesley Park area, creating the right conditions to bring forward major development opportunities. This will benefit the local workforce, local residents, existing businesses and new businesses attracted to the area.

This section outlines the logical change process and provides the project objectives.

Logic Model

Inputs and Activities:

- LUF funding of £17.145m for:
 - Site surveys
 - Remediation costs including ground excavations, ecological mitigation
 - Preparation for development including demolition, utilities and access improvements
 - Third party acquisition (XXXXXXXXXX XXXX)
- BCC match-funding of £1.905m

Outputs:

- Remediation of 20.9 ha net additional brownfield land;
- Enabling up to 1 million sq ft of new employment-led development.

Outcomes:

- Enhanced business environment that is more attractive and more accommodating to new and existing businesses
- Addressing local employment need (number of jobs enabled)
- Increased use of construction local supply chains and local sourcing & kick start to local economy
- Increase in public sector revenues from the net additional commercial developments.

Impact:

- Contribute to meeting local employment and floorspace need
- Demonstrate a track record in attracting public and private investment
- Safeguard 270 on-site construction jobs per annum, 9 apprentices and 23m GVA during remediation and construction works raising the financial performance of firms awarded contract on LUF-supported projects relative to other firms.

Project **SMART objectives**

Our four SMART objectives define the changes required to realise the national and local government priorities and to achieve the outcomes described above.

1. To enable increase the total amount and quality of employment floorspace in the Bordesley Park area by up to 1 million sq ft of new high quality employment floorspace with green credentials.

2. To attract new businesses to the local area and provide space for local manufacturing and logistics occupiers seeking to relocate within the Birmingham area.
3. To enable up to 3,000 new jobs for Birmingham residents with special measures and programmes to support local people accessing these jobs.
4. To improve perceptions of the attractiveness of the area by public and private investment of £XXXm, triggering a wider transformational change.

4.4 Alignment with the local and national context

See technical note Table 1 for further guidance.

4.4a Explain how your bid aligns to and supports relevant local strategies (such as Local Plans, local economic strategies or Local Transport Plans) and local objectives for investment, improving infrastructure and levelling up. (Limit 500 words)

The Birmingham Development Plan (BDP)⁵, adopted 2017, identifies Bordesley Park as one of the city's ten priority Growth Areas (GA7) and designates the land at the Wheels site as Core Employment Land. The site is described as *'...a key part of the city's growth strategy to deliver industrial land and job opportunities'*.

The site delivers much needed employment floorspace on a brownfield site aligning with the BDP objectives:

- To make provision for a significant increase in the city's population.
- To create a prosperous, successful and enterprising economy with benefits felt by all.
- To create a more sustainable city that minimises its carbon footprint and waste, and promotes brownfield regeneration while allowing the city to grow.

The BDP seeks to ensure provision of land for the economic sectors important to the city's economic growth. These include business, creative and digital media, logistics and advanced manufacturing.

In order to provide employment for the city's growing population and reduce existing levels of unemployment and worklessness an additional 100,000 jobs is estimated to be needed up to 2031 and the Wheels site can create up to 3,000 jobs.

Bordesley Park Area Action Plan (AAP)⁶, adopted in January 2020, provides a vision for the regeneration of the area to deliver growth within a high quality urban environment. The area is currently difficult to access and is lacking in investment, despite its close proximity to the city centre. The Wheels site is identified as one of five key opportunities for change within the AAP.

The East Birmingham Inclusive Growth Strategy⁷, adopted in February 2021, sets out a vision for the future of East Birmingham as an excellent place of strong communities in which to live and work. The project aligns with the objectives of the strategy - business, employment and skills delivering substantial new employment floorspace. The Wheels site is identified as a major growth proposal area, with the

⁵ https://www.birmingham.gov.uk/downloads/file/5433/adopted_birmingham_development_plan_2031

⁶ https://www.birmingham.gov.uk/downloads/file/16152/bordesley_park_area_action_plan_2020

⁷ https://www.birmingham.gov.uk/downloads/file/19118/east_birmingham_inclusive_growth_strategy_2021



potential to create up to 3,000 jobs. The East Birmingham Board was established in late 2020 to drive forward and deliver this Inclusive Growth Strategy. It is chaired by Liam Byrne MP and its membership incorporates a wide range of stakeholders including the City Council, Solihull MBC, West Midlands Combined Authority, GBSLEP, Birmingham Children's Trust, Birmingham Public Health and Birmingham & Solihull Sustainability and Transformation Partnership as well as representatives of local businesses, educational institutions and the voluntary, community and social enterprise sector.

Fit with BCC strategy

The project closely reflects local policy objectives:

- Ensures that industrial land is available to support a prosperous, successful and enterprising economy (BDP, 2017)
- Promotes brownfield regeneration and sustainable development while allowing the city to grow (BDP, 2017)
- Contributes to reducing city unemployment and levelling up by supporting up to 3,000 jobs.
- An employment and skills programme will also be put in place to connect the local community to the job opportunities created. The City Council's Employment Access Team has a successful record of running such programmes.

4.4b Explain how the bid aligns to and supports the UK Government policy objectives, legal and statutory commitments, such as delivering Net Zero carbon emissions and improving air quality. Bids for transport projects in particular should clearly explain their carbon benefits. (Limit 250 words)

Levelling Up

The government's objectives for levelling up are to improve connectivity and skills, to increase productivity, to enable business growth, and to maximise employment⁸. The Levelling Up Fund in particular targets improvements in pay, work, and health, as well as the attractiveness of local areas for living and working⁹. Projects should deliver investments in transport, regeneration and culture to address high property vacancy rates, high unemployment, low skills, low productivity and poor transport access¹⁰.

The project will deliver a transformational change to the area, providing employment opportunities and supporting jobs. This will enable businesses to settle in the area - supporting economic growth and productivity achieving the levelling up objective.

The site also has the potential to progress the government's and City Council's objectives to develop the green economy with new jobs focussed on sustainable technologies and initiatives.

National Planning Policy Framework

The government's objectives are to create the conditions in which businesses can invest, expand and adapt, make effective use of land by using suitable brownfield

⁸ HM Treasury, MHCLG, DfT, Levelling Up Fund Prospectus, 2021, page 2

⁹ Ibid.

¹⁰ HM Treasury, MHCLG, DfT, Levelling Up Fund Prospectus, 2021, page 14

land within settlements and supporting locations which are sustainable, through limiting the need to travel and offering a choice of transport modes.

The project will remediate a brownfield site in close proximity to the city, delivering economic growth in a sustainable location. This will reduce journey times, help to reduce congestion and emissions, and improve air quality and public health.

4.4c Where applicable explain how the bid complements / or aligns to and supports other investments from different funding streams. (Limit 250 words)

West Midlands Combined Authority (WMCA) Town Centre Programme

The WMCA Town Centre Task Force was established to contribute to the regeneration of five pilot town centres across the West Midlands, including Bordesley Green. The aim was to facilitate the implementation of the Bordesley Park Area Action Plan and complementary works. A number of supporting projects have been identified and provisional funding has been agreed through the WMCA Housing and Land Delivery Board.

Birmingham Eastern Metro extension

The metro route, which will run from Birmingham city centre to the Airport/NEC/HS2 Interchange station, will pass along Bordesley Green, just to the south of the Wheels site, and enhance accessibility, connectivity and travel options. The development of the route may also assist bringing forward additional development opportunities along the route, including at the Wheels site. Detailed scheme design and final scheme funding has yet to be agreed.

HS2

HS2 Curzon Station will be easily accessible from the site and will increase travel opportunities. The regeneration potential will be maximised through a £1bn programme that will integrate the new international rail terminus into the heart of the city centre.



Birmingham City Centre Enterprise Zone

The EZ is focussed on early intervention in infrastructure to accelerate growth and unlocking development to deliver 60ha of land, create 9,000 homes and support the creation of 76,000 jobs across the region. The Enterprise Zone Investment Plan 2019 presents a strategy that focuses on delivering a phased programme of £460m of projects in the period 2019 – 2028.

4.4d Please explain how the bid aligns to and supports the Government's expectation that all local road projects will deliver or improve cycling and walking infrastructure and include bus priority measures (unless it can be shown that there is little or no need to do so). Cycling elements of proposals should follow the Government's cycling design guidance which sets out the standards required. (Limit 250 words)

The BPAAP¹¹ seeks to '...encourage more walking and cycling within the area reducing transport's impact on the environment thereby improving air quality, reducing carbon emissions and improving road safety.'

The project carefully plans its walking and cycling infrastructure. Improved pedestrian connections will be provided, particularly to Adderley Park railway station, major bus routes and future rapid transit routes, the Small Heath and Bordesley Green Core Walking Zone as well as the city centre as set out in the Birmingham Cycling and Walking Infrastructure Plan 2020.

The Ward End green cycle route 26 along Arden Road to the north of the site, which connects the Bromford area with the City centre provides a sustainable link for accessing new development. This cycle route connects to Adderley Road South which will become a new pedestrian and cycle access route to the site providing convenient and sustainable active transport option.

The site will offer choice of transport modes with a new Metro route proposed to the south of the site which will connect the new HS2 Curzon station in the city centre, to the Airport and NEC, Adderley Park railway station and bus routes along Garrison Lane and Bordesley Green Road. HS2 will release capacity on the existing West Coast Main Line which will enable more frequent local and regional passenger services including at Adderley Park station, thereby improving access to the Wheels site by public transport.

¹¹ https://www.birmingham.gov.uk/downloads/file/16152/bordesley_park_area_action_plan_2020

PART 5 VALUE FOR MONEY

5.1 Appropriateness of data sources and evidence

See technical note Annex B and Table 1 for further guidance.

All costs and benefits must be compliant or in line with [HMT's Green Book](#), [DfT Transport Analysis Guidance](#) and [MHCLG Appraisal Guidance](#).

5.1a Please use up to date evidence to demonstrate the scale and significance of local problems and issues. (Limit 250 words)

City challenge – shortage of industrial land

The Employment Land Availability Assessment 2020 emphasises the importance of enabling the development of the Wheels site as there is a shortage of high quality employment land in Birmingham¹². The immediate supply is constrained as presented in **Appendix 12**.

The availability rate is currently at 4.7%, significantly below the estimated 8% equilibrium rate¹³. Below this equilibrium level of availability it is likely that demand is suppressed as not all potential occupiers can find premises. Rents have grown at 3.1% per annum over the last 10 years in Birmingham, well above inflation at 1.6% per annum¹⁴. The continued growth in rents combined with the low running voids and lack of new stock coming forward suggest that there is a shortage of industrial land in the Birmingham market area.

Local problems - deprivation levels

The site is within 10% of the most deprived areas in England with particularly high levels of deprivation in employment, income, education, skills and training. The claimant count rate in the area (Ladywood- 28.2%, in Hodge Hill - 27.3%) is one of the highest in the UK representing a key levelling up challenge (refer to **Appendix 10**). Covid-19 has affected Birmingham particularly hard with claimant count rising by 4.8% during the pandemic.

Site specific issue - contamination

The site is affected by a widespread contamination by metals hazardous to health, potentially combustible materials and ground gas concentrations due to the former use as landfill (refer to **Appendix 11** for details).

¹² Both the Employment Land Review 2012 and the Employment Land Office Targets Study 2013 identify the need to increase the supply of high quality employment land.

¹³ The availability rate was consistently below the equilibrium level since the CoStar property record began in 2009

¹⁴ ONS, CPIH Table 56

5.1b Bids should demonstrate the quality assurance of data analysis and evidence for explaining the scale and significance of local problems and issues. Please demonstrate how any data, surveys and evidence is robust, up to date and unbiased. (Limit 500 words)

The quality assurance process used in this submission ensures that the data is:

Fit for purpose: The evidence used to present specific problems describes property market, environmental and socio-economic conditions which could be influenced by the project. Only the latest available data is used in the LUF documentation.

Reliable and accurate: The industrial land availability evidence gathered by the BCC to support the plan making process went through a rigorous quality assurance process as it was used to make planning decisions. The market evidence has been analysed using CoStar, which is the UK's leading source of commercial property market data, providing detailed indicators and analysis for over 80% of all property transactions in the UK.

The surveys used to assess site contamination have been prepared by trained and experienced geo-environmental engineers. The level of contamination has been assessed by numerous site investigations which were carried out between 1968 and 2014 by City of Birmingham Engineering Department and later by Acivico – a leading local engineering company. Although the evidence is older than five years, it has been reassessed by the appointed engineering consultant Tetra Tech and is deemed adequate for the purposes of costing and remediation planning. Further site surveys will be performed as part of the next stage of the project.

Any data sources used include official statistics from the Office of National statistics (unemployment) and the Ministry of Housing, Communities & Local Government (English Indices of Deprivation 2019).

Transparent and accountable: The majority of the evidence including local statistics and employment land assessments are in the public domain and can be easily verified. This ensures the data is robust and unbiased.

The site contamination documentation is held by BCC. Numerous site surveys, borehole locations and test results have been used to assess the site condition and required remediation measures as summarised in **Appendix 11**.

5.1c Please demonstrate that data and evidence chosen is appropriate to the area of influence of the interventions. (Limit 250 words)

The bid will address issues and problems at different spatial levels.

At the city level development of the site will alleviate the shortage of industrial land. The administrative area of Birmingham is the primary impact area of the intervention. The evidence used to present the availability on industrial land (Employment Land Assessments) were prepared at the city level. The Wheels site is large (20.9 ha) and its delivery will benefit Birmingham industrial land availability. Due to the supply constrained market the additionality of the proposed development is expected to be high. In other words there be minimal or no displacement of other activities within the city.

At the local level the area is characterised by high levels of deprivation, especially in employment, income and education, skills and training domains. The evidence used to analyse the local characteristics – English Indices of Multiple Deprivation 2019 – measure relative deprivation in small areas in England called lower-layer super output areas. Due to granularity of the data we are able to examine the site and its environment. The project will help alleviate the challenges the area face by attracting investment, creating jobs, apprenticeships and business opportunities. The ambition for the site is to trigger the wider regeneration of the wider area as set out in the BPAAP 2020¹⁵.

The evidence used to assess the contamination is site-specific. The scope of the ground surveys covers the Wheels site (refer to **Appendix 11** for details). The remediation measures proposed will enable the redevelopment of the site.

5.2 Effectiveness of proposal in addressing problems

5.2a Please provide analysis and evidence to demonstrate how the proposal will address existing or anticipated future problems. Quantifiable impacts should usually be forecasted using a suitable model. (Limit 500 words)

¹⁵ https://www.birmingham.gov.uk/downloads/file/16152/bordesley_park_area_action_plan_2020



The proposal will enable a high quality industrial and logistics development which will create up to 3,000 jobs and 1m sq.ft. of new high quality employment floorspace. There is a shortage of employment land in the city, as described in section 5.1, therefore the additionality of the employment effects is expected to be high. The delivery of 20.9 ha best quality employment land will account to 35% of the minimum land requirement as specified in Policy TP17 of the BDP.

The high unemployment in Birmingham is a great challenge for the growing city as described in section 4.3a. By 2031, Birmingham's population is expected to grow by 150,000. The BDP specifies that in order to provide employment for the City's growing population and reduce existing levels of unemployment and worklessness an additional 100,000 jobs need to be created in the plan period to 2031. As the intervention will enable the creation of a substantial number of new jobs (up to 3,000) there is a strong case for levelling up funding. The particular importance of the site is emphasised by its location in a highly deprived area of East Birmingham. The Council's intention is to secure employment and skills programme including community employment plan to ensure that the local people can access the jobs created within the proposed development. The City Council's Employment Access Team has a successful record of running such programmes.

The major barriers to development of the site are a widespread contamination and a poor access. The proposal will substantially de-risk the site and prepare it for a development. The remediation strategy will allow for a flexible use of the site, allowing for development of units up to 29,000 sq.m. (310,000 sq.ft.) and floor loadings of up to 50kN.

The access and visibility of the site will be improved by the proposed highways works **XXXXXXXXXXXX XX XXX XXXXXXXXXXX XXXX XXXXXXXX X XXXXX XXXXX XXXXXXXXXXXX**. The acquisition will ensure that the Wheels site can be fully accessed by HGV and car traffic. The acquisition will also enable a more appropriate visual setting to be created at the schemes principle access point.

The intervention will result in a land value uplift estimated at £**XXXX**m (PV) and will enable a wider land value uplift estimated at £**XXXX** based on expected increase in value of neighbouring commercial and residential properties. Other benefits include reduction in crime incidents and labour supply impacts. The monetised benefits are further described in section 5.4a.

5.2b Please describe the robustness of the forecast assumptions, methodology and model outputs. Key factors to be covered include the quality of the analysis or model (in terms of its accuracy and functionality) (Limit 500 words)

Our estimates of LVU effects draw upon a wide range of research in to the land value impacts of major regeneration and infrastructure projects. These include both research by Savills for clients such as Manchester City Council and Transport for London, and academic and other major studies. Savills' Land Value Capture Report¹⁶ finds that major infrastructure and regeneration schemes can be associated with net land value uplift effects of up to around 30%. The modelling here has been tailored to the specific circumstances of the local area and project. Consequently we believe that the forecasts are as robust as possible given the uncertainties over the context and links between activities and impacts.

Further details on modelling assumptions are given in answer to question 5.4a.

The remediation costs have been assessed by the engineering consultant – Tetra Tech based on a number of site surveys as summarised in **Appendix 11**. The project appraisal including construction of industrial and logistic units has been prepared by Savills.

The Residual Land Value is based on the following assumptions:

- Rent rate (£ psf): £XXX - £XXXX
- Yield: 4% to 5.5%
- Remediation cost (£psf): £XX based on LUF cost items
- Construction cost (£psf): £XX X XX
- Selling cost (% of sales price): 1.5%
- Letting Agent Fee – 15%
- Finance – Debit Rate 6.5%
- Professional Fees – 12%
- Developer Profit on cost – 15%

Economic costs and benefits are based on the cost estimates and the development appraisal. The details of costs and benefits and the methodology to estimate the Value for Money of the proposal is presented in sections 5.3 - 5.5.

5.3 Economic costs of proposal

5.3a Please explain the economic costs of the bid. Costs should be consistent with the costs in the financial case, but adjusted for the economic case. This should include but not be limited to providing evidence of costs having been adjusted to an appropriate base year and that inflation has been included or taken into account. In addition, please provide detail that cost risks and uncertainty have been considered and adequately quantified. Optimism bias must also be included in the cost estimates in the economic case. (Limit 500 words)

¹⁶ https://www.london.gov.uk/sites/default/files/land_value_capture_report_transport_for_london.pdf
This includes references to a range of other studies.

The economic costs of the bid include public sector funding consisting of £17.145m LUF and £1.905m BCC co-funding (including borrowing). The cost have been discounted to the base year (2021/22). The majority of the costs will be incurred in 2021/22 and 2022/23 therefore the inflation adjustment hasn't been applied. The costs include contingency of 10% to account for risks and uncertainties and an optimism bias of 15%. The adjusted, present value (PV) total economic cost is **£XXXXXXXX** (refer to **Appendix 9** for VfM calculations).

5.4 Analysis of monetised costs and benefits

5.4a Please describe how the economic benefits have been estimated. These must be categorised according to different impact. Depending on the nature of intervention, there could be land value uplift, air quality benefits, reduce journey times, support economic growth, support employment, or reduce carbon emissions. (Limit 750 words)

The economic benefits have been estimated based on the HMT's Green Book, DCLG Appraisal Guidance, MHCLG Future High Streets Fund (Value for Money Clarification) and LUF FAQs guidance.

The estimated economic benefits include a direct land value uplift of £XXXm (PV), crime reduction of £XXXm (PV), wider land value uplift of £XXXm (PV) and labour supply impacts of £XXXm (PV) accounting to the total economic benefits of £XXXm (PV).



Site Land Value Uplift

The Open Market Value of the proposed development used as per the Appraisal Guidance (MHCLG, 2016), is £XXXXXXXXXX. This was estimated based on the assumptions on future rents and yields as summarised in section 5.2b and presented in **Appendix 9** and **Appendix 16**. The estimated development costs associated with the scheme are £XXXXXXXXXX (developer's profit included at 15% on costs). Once the abnormal costs (£19,050,000) are removed as per the Appraisal Guidance (MHCLG, 2016), the development costs are an estimated £XXXXXXXXXX. This provides an estimated residual land value, for purposes of economic appraisal, of £XXXXXXXXXX.

The existing use value (EUV) of the sites (land only) is significantly constrained by the high abnormal costs of brownfield land development. We use the current rent (£XXXXXX) and a yield of 10% to estimate the EUV. This results in an EUV of £XXXXXX. The land value uplift was estimated by subtracting the existing land value from the residual land value. On this basis, the Site Land Value Uplift is estimated at £XXXXXXXXXX and £XXXXXXXXXX in present value terms.

Crime

Currently the area within 1/2 mile radius from the sites, experiences a relatively high level of crime, with 1,458 recorded incidences in the previous 12-month period. As the proposed development provides new high quality employment which introduces more activity in the area the level of crime is expected to fall. We use MHCLG guidance to monetise this benefit. We assume that the scheme will contribute by 5% in the reduction of crime with displacement effects of 75% and use this over a ten-year period, as per the MHCLG guidance to estimate the total benefit. The expected impact is £ £176,016 (PV) cost savings over a 10-year period. This excludes the impact of crime on businesses and victims and does not account for the under recording of the true rate of crime.

Wider Land Value Uplift

The redevelopment of a central brownfield site will raise the value of neighbouring properties and induce uplifts in land value not captured in the primary methodology set out above. Research by Evans (The Environmental And Economic Impacts Of Brownfields Redevelopment, 2008), Simons & Saginor (A Meta-Analysis of The Effect Of Environmental Contamination And Positive Amenities On Residential Real Estate Values, 2006) indicate that significant increases in the value of neighbouring properties can be realised over large distances. This is impacted by a range of factors, including the strength of the local property market. A conservative methodology considers a 7.5% commercial and 3% residential land value increase within the immediate neighbourhood. We estimate the wider LUV

on the above properties by using the latest average property value in Birmingham by Land Registry and CoStar and assume that it will take place in the first five years following the completion of the proposed development. The wider LVU is estimated to be £XXXXXXXX (PV).

Labour Supply Impacts

Based on the conservative assumptions the development will support circa 2,300 direct on-site jobs (the total number of jobs including indirect effects is circa 3,350) We assume that 10% of these jobs will be taken up by new/re-entrants to labour market reflecting the young population and high unemployment rate of the local area. The average GDV per worker adjusted to 2021/22¹⁷ in industrial and logistics sectors in West Midlands is £54,784¹⁸. The labour impacts of these jobs is equal to 40%¹⁹ accounting to £38,850,176 (PV) over ten years²⁰.

The reference case economic benefits are estimated based on the current recreational use of the site. The amenity benefits of an urban core land based on real values in 2016 prices adjusted to 2021/22 as per the Appraisal Guide 2016 account to £XXXm.

The benefits of the reference case have been discounted from the benefits of the bid resulting in net economic benefit of £XXXm (PV).

5.4b Please complete Tab A and B on the **appended excel spreadsheet** to demonstrate your:

Tab A - Discounted total costs by funding source (£m)

Tab B – Discounted benefits by category (£m)

5.5 Value for money of proposal

5.5a Please provide a summary of the overall Value for Money of the proposal. This should include reporting of Benefit Cost Ratios. If a Benefit Cost Ratio (BCR) has been estimated there should be a clear explanation of how this is estimated ie a methodology note. Benefit Cost Ratios should be calculated in a way that is consistent with [HMT's Green Book](#). For non-transport bids it should be consistent with [MHCLG's appraisal guidance](#). For bids requesting funding for transport projects this should be consistent with [DfT Transport Analysis Guidance](#). (Limit 500 words).

¹⁷ GDP Deflators, 2020 Spending Review, implicit assumption that trend growth equals general inflation

¹⁸ ONS Subregional Productivity Feb 2020

¹⁹ DfT Web TAG 2.1

²⁰ Following the methodology set out in the Future High Street Fund VfM Clarifications

Overall, the public sector funding is expected to deliver good value for money, achieving an estimated benefits to cost ratio (BCR) of up to **3.05**. This is based on the impact the scheme will have in terms of direct and wider land value uplift, crime reduction and labour supply impacts. The project therefore produces net economic benefits, i.e. have a BCR greater than 1.



Benefits	Present Value
Direct Land value uplift	£XXXXXXXXXX
Crime reduction	£XXXXXXXXXX
Wider LVU	£XXXXXXXXXX
Labour Supply Impacts	£XXXXXXXXXX
Total benefits for Central BCR	£XXXXXXXXXX
Reference Case Benefits	£XXXXXXXXXX
Net benefits	£XXXXXXXXXX

Costs	Present Value with Optimism Bias at 15%
LUF Cost	£19,024,989
Co-funding local authority cost (including borrowing)	£2,113,888
Total Public sector cost	£21,138,877

Benefit - Cost Ratio	
BCR	3.05

Sensitivity analysis tests the vulnerability of benefit estimates to changes in the key assumptions and variables from which they are derived. The largest benefit stream that factor into the BCR, and therefore the one that the case for investment is most dependent on is labour supply impacts. The sensitivity analysis discounts the labour supply impacts by 50% to demonstrate their significance to the overall value for money assessment. The BCR is resilient to the discount of the main benefit with the sensitivity adjusted BCR falling from **3.05** to **2.06**. The sensitivity test demonstrates that the impact on labour supply impacts would have to be discounted more than 50% for the floor of 1 to be breached.

The latest guidance in the HM Treasury Green Book is not clear on whether labour market impacts should be considered in addition to or instead of LVU effects. Our understanding is this will depend on the degree of market failure and whether such benefits are capture in land values. We consider it unlikely that labour market benefits will be captured in land values but below present the implications of excluding various elements of our calculations from the BCR.

Benefit - Cost Ratios

BCR including all elements	3.05
BCR excluding labour supply impacts	1.21
BCR excluding wider LVU	2.02
BCR excluding both labour and wider LVU	0.19

Our method followed the approach to VfM calculations set out by MHCLG in the Future High Street Fund VfM Clarifications. This methodology allows for monetised benefits of labour supply, direct and wider land value uplift impacts.

5.5b Please describe what other non-monetised impacts the bid will have, and provide a summary of how these have been assessed. (Limit 250 words)

The intervention non-monetised impacts include:

- Redevelopment of brownfield land to more productive use (employment);
- Enabling a development of up to 1m sq.ft of high quality employment floorspace in a deprived part of inner Birmingham;
- Attracting new business to the area and providing a greater choice of space for the existing businesses looking to relocate;
- Safeguarding capacity of local construction sector by jobs supported (safeguarded) by the construction;
- Enabling up to 3,000 jobs based on the BPAAP target job creation;
- Improved health and wellbeing due to remediation of the contaminated land;
- Improved access to the site including widening of the access route from Garrison Lane and provision of a more appropriate visual setting;
- Improved perception of place supported by the public and private investment in the area;
- Providing the catalyst for the regeneration of the local area;
- Supporting future cases for government intervention.

5.5c Please provide a summary assessment of risks and uncertainties that could affect the overall Value for Money of the bid. (Limit 250 words)

The quantified value for money assessment is at risk where there are significant changes in key variables.

The BCR remains above one if labour productivity effects or wider land value uplift benefits are excluded from the assessment but if both those benefits are excluded the BCR is 0.19. This highlights the importance of the wider impacts of the intervention.

Section 5.5a presents central estimates. A sensitivity analysis, which discounts the labour supply impacts by 50%, gives a BCR of 2.06.

5.5d For transport bids, we would expect the [Appraisal Summary Table](#), to be completed to enable a full range of transport impacts to be considered. Other material supporting the assessment of the scheme described in this section should be appended to your bid.

PART 6 DELIVERABILITY

6.1 Financial

See technical note Table 1 for further guidance.

6.1a Please summarise below your financial ask of the LUF, and what if any local and third party contributions have been secured (please note that a minimum local (public or private sector) contribution of 10% of the bid costs is encouraged). Please also note that a contribution will be expected from private sector stakeholders, such as developers, if they stand to benefit from a specific bid (Limit 250 words)

The LUF ask is £17.145m covering eligible expenditure as described in section 4.3c.

The City Council will cover 10% match funding requirement. The Council has already incurred £0.640m in acquisition costs and will prudentially borrow (PB) the balance of £1.265m to fund the balance. The annual finance cost of the PB is estimated at £0.017m (full year effect) and is funded from existing Council revenue budgets.

Other costs will be covered by the Council and/or its developer partner according to the chosen procurement method.

Private stakeholders will be selected in the context of known public investment in the site in order to comply with subsidy control requirements – see question 6.3a. Developers' letters of support are presented in **Appendix 7**.

6.1b Please also complete Tabs C and D in the **appended excel spreadsheet**, setting out details of the costs and spend profile at the project and bid level in the format requested within the excel sheet. The funding detail should be as accurate as possible as it will form the basis for funding agreements. Please note that we would expect all funding provided from the Fund to be spent by 31 March 2024, and, exceptionally, into 2024-25 for larger schemes.

6.1c Please confirm if the bid will be part funded through other third-party funding (public or private sector). If so, please include evidence (i.e. letters, contractual commitments) to show how any third-party contributions are being secured, the level of commitment and when they will become available. The UKG may accept the provision of land from third parties as part of the local contribution towards scheme costs. Where relevant, bidders should provide evidence in the form of an attached letter from an independent valuer to verify the true market value of the land.

Yes

No



LUF Decision Record is presented in **Appendix 8**. In this instance the third-party contribution is the 10% match funding from BCC.

There is no funding gaps identified.

There is no third party funding contributions for the LUF project (i.e. site preparation) but a development partner will be sought to deliver the industrial and logistic scheme on the site. Details of how partner(s) will be secured are included in section 6.3a.

6.1e Please list any other funding applications you have made for this scheme or variants thereof and the outcome of these applications, including any reasons for rejection. (Limit 250 words)

There was no previous funding applications for the site. BCC has used their resources to progress matters to date.

6.1f Please provide information on margins and contingencies that have been allowed for and the rationale behind them. (Limit 250 words)

A contingency of between 5% and 10% has been applied to the build costs. This is split between 5% relating to the superstructure element or 'vertical' build costs. The adopted contingency of 5% for superstructure is a standard market assumption for this element. The remainder relates to earthworks costs and has been calculated as 10% of the subtotal of the facilitating works, highways, external works and substructure for the building the scheme. This cost was provided by contracted engineering consultants, TetraTech, within their cost plan for the proposed scheme (**Appendix 21**). The applied contingency reflects the uncertainties and risks connected with the earth works.

6.1g Please set out below, what the main financial risks are and how they will be mitigated, including how cost overruns will be dealt with and shared between non-UKG funding partners. (you should cross refer to the Risk Register). (Limit 500 words)

A full risk register is appended to the document. The table below sets out a selection of key financial risks associated with the delivery of the programme, the associated consequences, and mitigation where required.

Risk	Comments	Consequences	Mitigation
Variability of capital costs	Construction costs to increase in the future.	Additional costs required to deliver completed programme.	Develop robust financial forecasts. Adjust forecasts to account for alternative scenarios.

Legislative risks	Government legislation to significantly alter the prospects of the scheme	The grant not received	The LUF is allocated and ring fenced with the government being committed to deliver necessary infrastructure and maximise synergies with other programmes.
Reduced demand for employment floorspace	Market situation to significantly change reducing the interest in the site	Development partner not found	Demand for employment land in Birmingham has been identified by a number of research studies with a significant shortage of industrial and logistics space at present.
Profiled LUF spend target not met		Delay in the delivery programme	Project management in place to monitor delivery and spend.

6.2 Commercial

See technical note Section 4 and Table 1 for further guidance.

6.2a Please summarise your commercial structure, risk allocation and procurement strategy which sets out the rationale for the strategy selected and other options considered and discounted. The procurement route should also be set out with an explanation as to why it is appropriate for a bid of the scale and nature submitted.

Please note - all procurements must be made in accordance with all relevant legal requirements. Applicants must describe their approach to ensuring full compliance in order to discharge their legal duties. (Limit 500 words)

The procurement options under consideration include:

Option 1 – Sell the site with no remediation



The sale would be unconditional (based on the 'hope value'). BCC would receive an early receipt, but the price would be considerably discounted to reflect the risks, most notably on commercial occupiers and the planning.

Option 2 - Sell the Wheels Site with some remediation

The City Council would carry out some remediation (to be determined) which would help to de-risk the project.

Given the contamination on site, the level of work and de-risking proposed might not be sufficiently attractive to potential developers. Without detailed knowledge of end occupier requirements (including loading requirements) the remediation proposed may not be appropriate.

Option 3 - Market individual plots and remediate/provide infrastructure as required by prospective occupiers

This delivery model incorporates an enabling approach to tailor individual plots to the occupier's requirements in terms of detailed remediation and associated building loading requirements. In this option the City Council provides and funds the infrastructure works such as roads, services and statutory undertakers.

Option 4 – Sell the Wheels Site with Development Agreement

This option would involve BCC carrying out the proposed LUF works and then a sale of the site to a development partner to develop out the whole site in agreed phases and in accordance with the Development Agreement. The development partner will then bear most of the risks and bringing market knowledge, delivery expertise and access to finance.

Option 5 – Corporate joint venture

This option requires the Council to set up separate Joint Venture Company (JVCo) with a partner and participate in the delivery of the scheme and sharing profit.

Option 6 – Direct development

This option involves the BCC funding all necessary infrastructure and building out the scheme under the guidance of a development manager.

Associated risks and the alignment with the BCC objectives:

	1. Unconditional freehold disposal – no remediation	2. Disposal with limited remediation and development agreement	3. Disposal of individual plots with remediation	4. Disposal with full LUF work and Development Agreement	5. Corporate Joint Venture	6. Direct Development
Cost of capital	Lowest	Intermediate	Intermediate	Intermediate	Higher	Highest
Risk	Lowest	Low	Low	Low	Higher	Highest
Profit premium (to reflect risk)	Lowest	Low	Low	Low	Higher	Highest
Risk of no/substantially delayed delivery	Highest	Higher	Intermediate	Intermediate	Low	Lowest
BCC control over development rate and quality	Lowest	Low	Intermediate	Higher	Higher	Highest
BCC capital requirement and exposure	Lowest	Low	Intermediate	Low	Higher	Highest
Summary	Uncertain results and returns and does not meet BCC objectives	Uncertain results and returns and might not meet BCC objectives	Might meet BCC objectives	Meets BCC objectives with relatively low risk	Meets BCC objectives but with relatively high risk	Meets BCC objectives but with high risk

Considering the risk exposure and BCC objectives the preferred procurement method is for BCC to carry out the LUF remediation works and then dispose of the site to a development partner with conditions on timing of delivery etc. Refer to **Appendix 3** for further details of the procurement method.

6.3 Management

See technical note Section 4 and Table 1 for further guidance

Delivery Plan: Places are asked to submit a delivery plan which demonstrates:

- Clear milestones, key dependencies and interfaces, resource requirements, task durations and contingency.
- An understanding of the roles and responsibilities, skills, capability, or capacity needed.
- Arrangements for managing any delivery partners and the plan for benefits realisation.
- Engagement of developers/ occupiers (where needed)
- The strategy for managing stakeholders and considering their interests and influences.

- Confirmation of any powers or consents needed, and statutory approvals eg Planning permission and details of information of ownership or agreements of land/ assets needed to deliver the bid with evidence
- Please also list any powers / consents etc needed/ obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers and conditions attached to them.

6.3a Please summarise the delivery plan, with reference to the above (Limit 500 words)

Milestones

Delivery of the entire development is anticipated to run from March 2022 to October 2024 and be split into two phases (refer to **Appendix 5**). The key project milestones are set out below:

Ecological surveys	July – September 2021
Remediation works (including Japanese Knotweed removal) planning application submitted	October 2021
Grant of planning permission	December 2021
Start on site (Phase 1 works)	March 2022
Procurement of Development Partner	October 2021
Selection of Development Partner	December 2021
Contracts agreed	March 2022
Site wide planning application submitted	June 2022
Planning permission granted	December 2022
Start of 'vertical build' of development	January 2023
Start of Phase 2 works	March 2023
Scheme completion	October 2024

Roles and Responsibilities

The flow diagram which sets out the Wheels Site Project Governance Structure and further detail of the structure and responsibilities of key individuals are set out in the attached delivery plan (**Appendix 3**) and Bordesley Park AAP & Wheels Site Project Governance And Management Structure (**Appendix 4**).

Delivery Partners

Savills will be advising BCC on the procurement of a development partner.

Pre-procurement

Soft market testing as necessary to further refine and inform the specific procurement requirements.

Procurement

Savills will run a structured procurement process in line with the Best Consideration requirements (in accordance with Section 123 of the Local Government Act 1973). It

is likely there will be invitations for a two stage submission – initially an expression of interest (Eoi), followed by a more detailed financial bid.

Upon selection of a preferred bidder Savills will work with BCC and their advisors to negotiate the structure and terms of an agreement. As part of the bid process a delivery programme and strategy for the development of the site will be requested from all parties. This will inform an appropriate structure for the legal agreement.

Engagement of developers/ occupiers

Whilst expected a wide marketing campaign will be most appropriate, as advisors to BCC Savills will draw on their market knowledge and experience to recommend a list of specific developers to invite to submit offers on the site. This ensures that parties with credible track record of delivering high quality employment development on brownfield sites are engaged with the opportunity.

Stakeholders Management

Progress at the site will be reported to both the Wheels Project Board and the East Birmingham Board. As the detailed proposals for the site are developed further consultation will be held with a range of stakeholders including adjacent businesses and organisations as well as the wider community. The City Council will also put in place an employment and skills programme in order to connect local people to the job opportunities that will be created at the site.

Consents Needed

Due to the extent of the remediation works required on the site it is anticipated that planning permission will be required. The current programme assumes submission of the application in October 2021, with anticipated consent by December 2021. Knotweed treatment will also require planning permission.

6.3b Has a delivery plan been appended to your bid?

Yes

No

6.3c Can you demonstrate ability to begin delivery on the ground in 2021-22?
(Japanese Knotweed needs to be eradicated asap)

Yes

No

6.3e Risk Management: Places are asked to set out a detailed risk assessment which sets out (word limit 500 words not including the risk register):

- the barriers and level of risk to the delivery of your bid
- appropriate and effective arrangements for managing and mitigating these risk
- a clear understanding on roles / responsibilities for risk

A full risk register is presented in **Appendix 2**.

The strategy, framework and plan for dealing with the management of risk are set out in Birmingham City Council's Risk Management Policy, Strategy and Methodology. The risk management process has five key stages to it:

1. Risk / Opportunity Identification;
2. Risk / Opportunity Analysis;
3. Risk / Opportunity Prioritisation;
4. Management of Risks / Opportunities; and
5. Monitoring of Progress and Reviewing Risk Registers.

The Project Manager, with support from the project team, including specialist support, contractors and statutory undertakers, will lead the risk assessment process.

6.3f Has a risk register been appended to your bid?

Yes

No

6.3g Please evidence your track record and past experience of delivering schemes of a similar scale and type (Limit 250 words)

BCC has significant experience bringing forward successful regeneration projects in collaboration with public and private sector partners.

The successful progression of the Advanced Manufacturing Hub (AMH) in Aston is directly comparable to the proposals at the Wheels site. The site was identified in an Area Action Plan (the Aston, Newtown and Lozells Area Action Plan) to accommodate growth in the advanced manufacturing sector and provide opportunities for the growing automotive supply chain. Both sites are of a similar size and are located within Birmingham's inner suburbs close to the motorway network and M6 at Spaghetti Junction.

The scheme started in 2014 and has been one of the City's key stand out industrial regeneration projects. Comprising various plots totalling circa 50 acres the JV between Birmingham City Council and Homes England has been hugely successful.

AMH has attracted a range of private and public sector investment. The site can accommodate individual buildings from 1,394 sq m (15,000 sq ft) up to 14,400 sq m (155,000 sq ft). Hydraforce who have invested c.£10 million and has provided

employment for c.500 people. Guhring completed the acquisition and development of a 3.5 acre site / c.50,000 sq ft manufacturing facility. Trebor Developments with Aviva Investors speculatively developed c.96,000 sq ft and the building was let to Salts Healthcare and generating circa 545 jobs. Barberry Developments speculatively developed two units of 65,000 and 56,000 sq ft. The land values have increased substantially as the scheme has progressed from £227,000 to £909,000 per acre.

6.3h Assurance: We will require Chief Financial Officer confirmation that adequate assurance systems are in place.

For larger transport projects (between £20m - £50m) please provide evidence of an integrated assurance and approval plan. This should include details around planned health checks or gateway reviews. (Limit 250 words)

This application is subject to the approval of an Outline Business Case and Full Business Case in the near future by the Council's Acting Director, Inclusive Growth and Director of Council Management (Interim) in accordance with the Cabinet decision of 8th June 2021. The OBC/FBC will identify the following; financial implications (both during delivery and ongoing), legal implications, procurement (including the Council's Social Responsibility requirements), equality implications, benefits, risk management and policy compliance. Ongoing project delivery is subject to individual service project boards and where the total value of the scheme is £20m+ then the Council has a separate Capital Board to rigorously monitor performance, track changes and ensure successful delivery. In addition, all expenditure will comply with the City Council financial regulations and standing orders in relation to public procurement regulations and obtaining value for money, recording financial transactions and grant claims which are subject to scrutiny by the Council's internal and external auditors.

6.4 Monitoring and Evaluation

See technical note Section 4 and Table 1 for further guidance.

6.4a Monitoring and Evaluation Plan: Please set out proportionate plans for M&E which should include (1000 word limit):

- Bid level M&E objectives and research questions
- Outline of bid level M&E approach
- Overview of key metrics for M&E (covering inputs, outputs, outcomes and impacts), informed by bid objectives and Theory of Change. Please complete Tabs E and F on the **appended excel spreadsheet**
- Resourcing and governance arrangements for bid level M&E

A completed Monitoring and Evaluation Plan is in **Appendix 1 Table F**. The monitoring of inputs will consist of scheme build and costs. It is proposed to

undertake quarterly reviews against each of the elements during scheme construction and post-delivery.

The scheme delivery process and timetable will be monitored against the programme established in the delivery plan in section 6.3a. Key milestones and deliverables will be used to track progress, identifying key issues and reasons for variance from plan.

The scheme cost monitoring will address the following:

- Outturn investment costs broken down into elements in a similar; Analysis of risk manifestation in the elements of investment costs;
- Identification of cost elements with savings and identification of the reasons for cost savings;
- Analysis of cost elements with overruns and identification of the reasons for cost overruns.

Monitoring Outcomes

The monitoring of the short-term outcomes and impacts of the scheme will be focussed around the assessment of key indicators of change. The approach is summarised as:

- Review of scheme delivery (outputs);
- Analysis of the change in defined outcomes.

The evaluation of the scheme includes the employment and training generation during the construction and operational phases and the increase in public sector revenues from the net additional commercial developments.

PART 7 DECLARATIONS

7.1 Senior Responsible Owner Declaration

As Senior Responsible Owner for Wheels Site Remediation I hereby submit this request for approval to UKG on behalf of Birmingham City Council and confirm that I have the necessary authority to do so.

I confirm that Birmingham City Council will have all the necessary statutory powers and other relevant consents in place to ensure the planned timescales in the application can be realised.

7.2 Chief Finance Officer Declaration

As Chief Finance Officer for Birmingham City Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that Birmingham City Council

- has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution
- accepts responsibility for meeting any costs over and above the UKG contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties
- accepts responsibility for meeting any ongoing revenue requirements in relation to the scheme
- accepts that no further increase in UKG funding will be considered beyond the maximum contribution requested and that no UKG funding will be provided after 2024-25
- confirm that the authority commits to ensure successful bids will deliver value for money or best value.
- confirms that the authority has the necessary governance / assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to.

Name:	Signed
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7.3 Data Protection

Please note that the The Ministry of Housing, Communities and Local Government (MHCLG) is a data controller for all Levelling Up Fund related personal data collected with the relevant forms submitted to MHCLG, and the control and processing of Personal Data.

The Department, and its contractors where relevant, may process the Personal Data that it collects from you, and use the information provided as part of the application to the Department for funding from the Levelling Up Fund, as well as in accordance with its privacy policies. For the purposes of assessing your bid the Department may need to share your Personal Data with other Government departments and departments in the Devolved Administrations and by submitting this form you are agreeing to your Personal Data being used in this way.

Any information you provide will be kept securely and destroyed within 7 years of the application process completing.

You can find more information about how the Department deals with your data [here](#).

ANNEX D - Check List Great Britain Local Authorities

Questions	Y/N	Comments
<p>4.1a Member of Parliament support</p> <p>MPs have the option of providing formal written support for one bid which they see as a priority. Have you appended a letter from the MP to support this case?</p>	Yes	
<p>Part 4.2 Stakeholder Engagement and Support</p> <p>Where the bidding local authority does not have responsibility for the delivery of projects, have you appended a letter from the responsible authority or body confirming their support?</p>		N/A
<p>Part 4.3 The Case for Investment</p> <p>For Transport Bids: Have you provided an Option Assessment Report (OAR)</p>		N/A
<p>Part 6.1 Financial</p> <p>Have you appended copies of confirmed match funding?</p>	Yes	Appendix 8 and Appendix 17
<p>The UKG may accept the provision of land from third parties as part of the local contribution towards scheme costs. Please provide evidence in the form of a letter from an independent valuer to verify the true market value of the land.</p> <p>Have you appended a letter to support this case?</p>		N/A
<p>Part 6.3 Management</p> <p>Has a delivery plan been appended to your bid?</p>	Yes	Appendix 3
<p>Has a letter relating to land acquisition been appended?</p>	Yes	Appendix 18
<p>Have you attached a copy of your Risk Register?</p>	Yes	Appendix 2
<p>Annex A-C - Project description Summary (only required for package bid)</p> <p>Have you appended a map showing the location (and where applicable the route) of</p>		N/A

the proposed scheme, existing transport infrastructure and other points of particular interest to the bid e.g. development sites, areas of existing employment, constraints etc.		
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List of appendices

Appendix 1	LUF Tables A-F
Appendix 2	Risk Register
Appendix 3	Wheels Remediation Delivery Strategy
Appendix 4	Governance and Management Structure
Appendix 5	Wheels Gantt Chart
Appendix 6	Endorsement letter from Liam Byrne MP
Appendix 7	LUF Letters of Support from Developers
Appendix 8	LUF Decision Record
Appendix 9	VfM calculations
Appendix 10	Peter Brett Associates Baseline Report for East Birmingham North Solihull, 2017
Appendix 11	Contamination and Ground Surveys
Appendix 12	Development Pipeline
Appendix 13	East Birmingham Inclusive Growth Strategy
Appendix 14	Bordesley Park Area Action Plan
Appendix 15	Equality Assessment Screening
Appendix 16	Development Appraisal
Appendix 17	Levelling Up Fund Cabinet Report
Appendix 18	Land Acquisition Letter
Appendix 19	Endorsement letter from Andy Street (Mayor of the West Midlands CA)
Appendix 20	Endorsement letter from Ed Watson (Greater Birmingham & Solihull LEP)
Appendix 21	Cost Plan