

Report to the Greater Birmingham and Solihull Supervisory Board

30th June 2016

The Greater Birmingham & Solihull Growth Deal – Update

1. Purpose of the Report

- 1.1 To note the 2015/16 outturn and current position with the Greater Birmingham & Solihull Growth Deal.

2. Recommendations

Members are asked to:

- 2.1 To note that 100% of available Growth Funds in 2015/16 were successfully invested in our projects
- 2.2 To note that current forecasts for programme spend in 2016/17 and 2017/18 and proposed actions to manage variances
- 2.3 To note Growth Team approvals for additional funding for existing projects and for Selly Oak New Road Phase 1B

3. Background

- 3.1 Government has allocated Local Growth Funding (LGF) to GBSLEP to enable the delivery of projects that support the Strategic Economic Plan (SEP). Our LGF allocations from 2015/16 through to 2017/18 are:

2015/16	2016/17	2017/18 (indicative)
£47.31m	£49.18m	£13.07m

4. Key Issue(s)

4.1 LGF Programme

- 4.1.1 *Programme outturn 2015/16*
- 4.1.2 Final outturn at 31 March 2016 was £47.3m, meaning that 100% of available funds were successfully invested in projects to support delivery of the SEP.
- 4.1.3 *Programme forecast 2016/17 and 2017/18*
- 4.1.4 We are currently forecasting a £17m underspend in 2016/17. This is mainly due to delays on full business case submissions pushing project expenditure into 2017/18. The knock on effect is to increase our forecast overspend in 2017/18 to £26m.

- 4.1.5 To address these variances, action is in hand to:
- Bring forward spend on 2017/18 projects
 - Commit additional funding to existing 2016/17 projects
 - Allocate funding to development costs for projects coming forward in future years. Agreement in principle to this approach, for local authority-led projects, has been reached with the accountable body.
- 4.1.6 In addition, we will bid for additional resources for 2017/18 as part of our LGF3 bid.
- 4.1.7 *Additional funding for existing projects*
- 4.1.8 With regard to the second option above, the Growth Team agreed that additional funding should be provided for the following 2016/17 projects which would otherwise not come forward.
- Ashted Circus (£1.4m)
 - Battery Way (£1.25m)
 - Longbridge Connectivity Phase 2 (£0.6m)
 - Dudley Road DfT Portfolio Scheme (£0.45m)
 - University Station (£0.25m)
- 4.1.9 *Selly Oak New Road Phase 1B*
- 4.1.10 Following confirmation from the Independent Technical Evaluator that the Full Business Case justifies the proposed investment of £3.633m into this project, the Growth Team approved this project at their meeting on 27 May 2016. A full report is attached as Annex 1.

4.2 LGF3 Bid

- 4.2.1 *Bid development*
- 4.2.2 Bids for LGF3 were invited on 12 April. The national pot is £1.8bn, of which at least half only becomes available in 2020/21. The deadline for submission of bids is 28 July. A pre-submission Challenge Session with Ministers to discuss the bid is still to be arranged. To provide context for this Session, an initial snapshot of the bid is due to be submitted on 24 June.
- 4.2.3 Working with partners, we are currently allocating programmes and projects to packages. Government have indicated programmes should be prioritised. However, given the interconnected nature of the programmes and the amount of time before the majority of the funding becomes available, we believe this should be a light touch indication, based upon strategic fit with SEP objectives, rather than a hard and fast positioning. A detailed prioritisation of projects will eventually be required, but this would be better to take place post-bid submission.
- 4.2.4 *Cross-LEP working*
- 4.2.5 Officers are meeting regularly with their counterparts at the Black Country and Coventry & Warwickshire LEPs to ensure snapshots and final bids are

aligned, as far as possible, around the opportunities provided by the WMCA and the Devolution Deal. It is envisaged that the three LEPs will prepare separate bids that identify where their narrative and constituent packages, programmes and projects also contribute to wider West Midlands priorities.

4.2.6 Officers have also met with colleagues in the Stoke & Staffordshire and Worcestershire LEPs to discuss bids in our overlap areas. This process is complicated by the fact that both of these LEPs are required to bid for projects rather than packages. An initial division of projects has been agreed, based on an approach of mutual support for each other's bids.

4.2.7 *Project pipeline*

4.2.8 Overall, the LGF3 process has helped focus attention on our collective ambition for the area and the projects that can help turn this into reality. Regardless of the outcome of the bid, it is intended that the data collected is used to develop a pipeline of these projects, which the LEP commits to help bring forward.

5. Conclusion

5.1 The Supervisory Board are asked to note the successful investment of 2015/16 Growth Funding into projects that support the achievement of SEP objectives. This demonstrates that GBSLEP, and partners, can be trusted to deliver, and provides an excellent platform for an ambitious bid to Government for LGF3.

5.2 The Supervisory Board are also asked to note the Growth team approvals for additional funding for existing projects in 2016/17 and Selly Oak New Road Phase 1B.

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Report to the Greater Birmingham and Solihull Supervisory Board

June 2016

Item 9 Annex 1 - Selly Oak New Road Phase 1B

1. Purpose of the Report

- 1.1 To update on the decision made by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) Growth Team on the 27th May 2016, in relation to the funding Local Growth Fund funding for the Selly Oak New Road Phase 1B project, to the value of £3,633,000.

2. Recommendations

- 2.1 Supervisory Board members are asked to note the agreement to fund the LGF grant and the manner in which the funding will be defrayed.

3. Background and Key Issues

- 3.1 The Selly Oak New Road (SONR) Phase 1B project was granted entry into the Local Growth Fund programme in July 2014. The project was originally outlined at £4,165,000 and sought a LGF contribution of £3,749,000.
- 3.2 Through the development of the Full Business Case, these values have since changed to a total project value of £6,623,000 (*an increase of £2,458,000*), with a requested LGF contribution of £3,633,000 (*a decrease of £116,000*). This increase in total project value has also resulted in an increase in the project outputs.
- 3.3 The SONR Phase 1B scheme consists of highway improvements to the 'Selly Oak Triangle', which is made up of Bristol Road, Harborne Lane and Chapel Lane (a key junction between the A38 and A4040). Bus, pedestrian and cyclist facilities will also be upgraded as part of the scheme.
- 3.4 The improvements will:
- Remove a congestion hotspot on the A38, which is a primary road connecting South Birmingham with the M5 J4 and the city centre, and the A4040 outer ring road;
 - Ensure the full benefits of the Selly Oak New Road Phases 1a and 2 are realised, reducing congestion and pollution in Selly Oak local centre, benefitting local businesses and increasing bus reliability in the A38 and A4040 corridors;
 - Unlock the Selly Oak Triangle site for redevelopment, and support the Birmingham Battery Site development comprising Life Sciences Campus, a major supermarket and the proposed Biomedical Innovation Hub;
 - Provide improved access to the new Queen Elizabeth Hospital;
 - Enable the downgrading of B384 Bristol Road and Chapel Lane to facilitate public realm improvements and enhanced pedestrian connectivity; and
 - Result in the creation of 35,000sqm of commercial floor space, 3,750 new jobs and 700 new homes.

3.5 The project is calculated as providing a Benefit Cost Ratio (BCR) of 1:1.88, which is in GBSLEP's proposed 'medium' range of prioritised investment.

3.6 The submitted FBC aligns with GBSLEP's Strategic Economic Plan's (SEP) strategic transport objectives, the Local Transport Plan and the City Council's Development Plan (currently in the adoption process).

3.7 The Capital Funding profile within the FBC suggests:

Cost Category	2014/15 (000's)	2015/16 (000's)	2016/17 (000's)	2017/18 (000's)	2017/18 (000's)	2017/18 (000's)	Total (000's)
Capital Funding							
LGF Funding		110	110	1,490	1,623	300	3,633
Integrated Transport Block	10	20					30
Section 106				674	2,286		2,960
Total Capital	10	130	110	2,164	3,909	300	6,623
Revenue Funding							
DfT Section 31 Major Works						16	16
Total Revenue	0	0	0	0	0	16	16

3.8 The grant approval is conditional on Birmingham City Council claiming the Local Growth Funding before the end of 2019/20. In the event that the project does not materially complete within the timescales above, the grant may be requested for return to the GBSLEP.

4. Conclusion

4.1 This report provides an update on the decision made by the Growth Team on the 27th May 2016. The Supervisory Board are asked to note the decision made by them.

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