

GREATER BIRMINGHAM AND SOLIHULL SUPERVISORY BOARD MEETING

10th December 2015

BIRMINGHAM CITY CENTRE ENTERPRISE ZONE – INVESTMENT PLAN PROGRESS

Recommendations

The Board is asked to:

1. Note the progress made in delivering the Enterprise Zone Investment Plan.

Background

2. In April 2011, the LEP chose Birmingham's City Centre as the location for its Enterprise Zone (EZ). The EZ Business Case (2011) outlined the barriers to growth and how the Zone could begin to remove these and act as a catalyst to the delivery of development. The Business Case recognised that early intervention in the City Centre was necessary to accelerate growth and help unlock EZ sites for development.
3. In July 2014, the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) approved the latest version of the EZ Investment Plan (EZIP) to address these identified issues. The 2014 EZIP covers the period 2013/14 to 2022/23 with an allocation of £275 million.
4. The LEP Board is represented on the EZ Executive Board by Simon Marks, Pat Hanlon, and Mike Carr. Birmingham City Council representation on the Board includes Waheed Nazir (Director for Planning and Regeneration) and Richard Cowell (Head of City Centre Development & Planning).
5. As part of the approved EZ Governance arrangements, there is a requirement to provide the LEP Board with reports on the progress of delivering the EZIP every 6 months. **Appendix 1** contains the latest update, providing up to date information on the delivery the Investment Programme, progress made on the delivery of EZ sites, and the financial management position.
6. The management and monitoring of the income and expenditure levels will continue to be undertaken and reported to the EZ Executive Board.

Key Issues

7. **EZ Progress March – October 2015**
 - The EZ remains on track to deliver against the targets for 2015/16 for job creation of 2,500 jobs, with 241 jobs (excluding HS2) created since the last report to the LEP board in March 2015.
 - The EZ has now also exceeded the commercial floorspace requirements of 100,000 sqm, with 56,440 sqm added since March 2015.
8. Overall the EZ continues to make positive progress delivering development sites and supporting infrastructure, including:

- Major highway and utility works continue with Paradise;
 - The winning design has been announced for Centenary Square where detailed design continues in conjunction with discussions with Centro and the Metro extension;
 - Agreements and planning are in place for the New Wholesale Market to start on site in January 2016;
 - Feasibility work has been agreed for the Smithfield site to support the delivery of the masterplan in 2016;
 - The Site Development and Access Fund has agreed a further £3m investment, including funding to support the restoration of the former Belmont Works building on Eastside Locks;
 - Creating Economic Opportunities sees projects progressing to detailed design phases with some of the City centre Ring Roads schemes commencing on site; and
 - Recent approvals will see further progress and investment in Business Development and Support of the EZ into 2016. This will help to incentivise occupiers to locate to the EZ.
9. Projects funded by the EZ continue to make positive progress, and although there is a lower spend forecast from the EZ for 2015/2016 than set out within the Investment Plan, this is complemented by an increase in spend in 2016/17.
10. At this stage, the investment programme remains affordable within the income forecasts. Maintaining this affordability in future years will be dependent on sites completing and business rates being paid. Whilst the business rate income forecast has seen a reduction in 15/16 to that which was presented in the Investment plan, this, as highlighted above, is reflected in a decrease in spend.
11. The forecast contained in the Investment Plan remains on track to be able to see a significant increase in income from 2020/21. Whilst the revised income forecast for 17/18 to 19/20 is lower than the estimate in the Investment Plan, it will provide for an average cumulative surplus for these years of over £5.5m and therefore an affordable programme. The forecast also remains positive by the recent announcements of HSBC occupying an office building at Arena Central, with work starting on site in summer 2015 and demolition commencing for 103 Colmore Row (former Natwest Tower). Planning permissions for Three Snowhill has also been granted with the preferred contractor secured.

Policy Development/linkages with Existing LEP Strategy or Key Priorities

12. The approach in the EZIP is consistent with the LEP's overarching strategic pillars of supporting business, people and place and contributing toward the delivery of the targets that the LEP has set including increasing jobs and GVA. The financial resources available through the EZIP are key to the delivery of the GBSLEP Strategic Economic Plan.
13. A number of the projects identified in the EZIP are also funded by the Growth Deal that the LEP has negotiated with Central Government, including the New Wholesale Markets, Metro Extension to Centenary Square and a number of

the Connecting Economic Opportunities projects. There is an opportunity to more closely align projects funded by both the EZ and the Growth Deal, to maximise the available spend from the Growth Deal in 2015/16.

Conclusion

14. The Board is asked to note the positive progress made so far in the delivery of the EZIP, which is on track to deliver key measures of success in terms of job creation and has exceeded its 15/16 targets for new floorspace developed.
15. The EZ Executive board will continue to manage and monitor the affordability of the programme, especially through the years 17/18 to 19/20 where expenditure needs to be controlled within the income generated.

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Appendices

1. Enterprise Zone Investment Plan – October 2015 Progress Report