

Report to the Greater Birmingham and Solihull Supervisory Board

2nd APRIL 2015

BIRMINGHAM CITY CENTRE ENTERPRISE ZONE – INVESTMENT PLAN PROGRESS

1. Purpose of the Report

- 1.1. To provide the Supervisory Board with an update on the progress made in delivering the Enterprise Zone Investment Plan, following its approval by the Local Enterprise Partnership Board on 20th March 2015. This report is required as part of the approved Enterprise Zone Governance arrangements.

2. Recommendations

That Members are asked:

- 2.1. To note the progress made in delivering the Enterprise Zone Investment Plan
- 2.2. To endorse amendment to the Investment Programme to address the funding gap identified on the Metro Extension to Centenary Square project

3. Background

- 3.1. 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.
- 3.2. In July 2014, the Greater Birmingham and Solihull Local Enterprise Partnership (GBS LEP) and Supervisory Board 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. This approval also included updated Governance arrangements for how the EZ Executive Board and Birmingham City Council (acting as Accountable Body) will manage business rate uplift and subsequent investment.
- 3.3. The LEP Board is represented on the EZ Executive Board by Chris Webster and Pat Hanlon. Birmingham City Council representation on the Board includes Waheed Nazir (Director for Planning and Regeneration) and Andrew Round (Assistant Director for Planning and Development).

4. Key Issues

- 4.1. As part of the approved EZ Governance arrangements, there is a requirement to provide the LEP 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.
- 4.2. Overall the EZ continues to make positive progress delivering development sites and supporting infrastructure. It remains on track to deliver against the targets for 2015/16 in

terms of job creation of 2,500 jobs and commercial floorspace of 100,000 sqm. Projects funded by the EZ continue to make positive progress.

- 4.3. In addition, the GBS LEP Board were requested to make an amendment to the Investment Programme funding within the EZIP following the identification of a funding gap for the Metro Extension to Centenary Square project. The position is summarised on pages 8-9 of Appendix 1. The EZ Executive Board do not have the power to approve this change, and therefore made a recommendation to the GBS LEP Board to approve the Investment Programme funding adjustment set out in Table 3 of Appendix 1. This was agreed at the Board meeting on 20th March 2015.

5. Financial Implications

- 5.1. In addition to the funding gap on the Metro Extension to Centenary Square project, there is a lower spend from the EZ for 2013/14 and 2014/15 than set out within the EZIP despite the positive progress made in delivering projects. This reflects a number of challenges in bringing these schemes forward. Overall funding from the EZ is providing much needed security and up front funding to help ensure project delivery.
- 5.2. 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. This is particularly prominent in 2015/16 where there is expected to be a significant increase in the amount of forecast income to be received compared to 2014/15, as well as 2018/19 where forecast income is expected to be lower than the estimate within the EZIP. Securing this level of income will be challenging and the management and monitoring of income and expenditure levels will continue to be undertaken and reported to the EZ Executive Board.

6. Legal Implications

- 6.1. There are no direct legal implications arising from this report and the decisions made by the GBS LEP Board.

7. Equalities

- 7.1. There are no direct equalities issues arising from this report and the decisions made by the GBS LEP Board.

8. Consultation

- 8.1. The recommendation made for addressing the funding gap identified for the Metro Extension to Centenary Square was considered at length by the EZ Executive Board, including detailed discussions with Centro. The Progress Report will be added to the Enterprise Zone website for information purposes.

9. Conclusion

- 9.1. The Supervisory Board is being 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 new floorspace developed. The approval of the amendment to the Investment Programme funding will ensure that the Metro Extension to Centenary Square remains deliverable.

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Appendices

1. Enterprise Zone Investment Plan – Progress Report