

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET	
Report of: Date of Decision:	DEPUTY CHIEF EXECUTIVE 16 th March 2015	
SUBJECT:	LOCAL GROWTH FUND TRANSPORT AND CONNECTIVITY PROJECTS: PROGRAMME DEFINITION DOCUMENT	
Key Decision: Yes	Relevant Forward Plan Ref: 526684/2015	
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/>	O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s) or Relevant Executive Member for Local Services:	Councillor Tahir Ali – Cabinet Member for Development, Transport and the Economy Councillor Ian Ward – Deputy Leader	
Relevant O&S Chairman:	Councillor Victoria Quinn – The Birmingham Economy and Transport	
Wards affected:	All	

1.	Purpose of report:
1.1	To seek approval to the Programme Definition Document (PDD) setting out the Local Growth Fund (LGF) programme of transport and connectivity projects to be developed and implemented between 2014/15 and 2020/21 at a total estimated capital cost of £194.450m.
1.2	To seek approval to release up to £14.454m of development and preparatory funding to progress City Council projects fully approved by Government as part of the Greater Birmingham and Solihull Growth Deal (GBSGD) to Full Business Case (FBC) stage and those provisionally approved to Project Definition Document stage in accordance with the Council's Gateway and Related Financial Approval Framework (GRFAF).
1.3	To note that the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) has been requested to resource their element of this funding as a more cost effective way of funding the development and preparatory stage of this programme. The outcome of the process to be applied and the approval of the funding by the GBSLEP Board is awaited.
1.4	To seek approval to a range of preparatory activities, land acquisition, financing and funding arrangements, delegations and governance processes to enable the delivery of the LGF transport and connectivity programme. Expedient and demonstrable delivery is critical in the context of recommendations contained within the Kerslake report, implementing the Birmingham Connected transport vision, the Big City Plan and securing further devolved powers from Government at a sub-regional level.

2.	Decision(s) recommended:
	That Cabinet:
2.1	Approve the PDD provided as Appendix A (including annexes A to C) to this report setting out the LGF programme of transport and connectivity projects to be developed and implemented by the City Council between 2014/15 and 2020/21 at a total estimated capital cost of £194.450m.
2.2	Approve Prudential Borrowing of £3.177m to part fund development and preparatory costs of £5.219m to progress projects fully approved by Government as part of the GBSGD to Full Business Case (FBC) stage in accordance with the Council's GRFAF.

2.3	Approve the release of £2.042m (funded £1.105m Integrated Transport Block; £0.084m Planning and Regeneration; £0.673m Enterprise Zone; £0.18m DfT Pinch Points) to fund the remaining development and preparatory costs required to progress projects fully approved by Government as part of the GBSGD to Full Business Case (FBC) stage in accordance with the Council's GRFAF.
2.4	Approve Prudential Borrowing of £8.800m to part fund development and preparatory costs of £9.235m to progress projects provisionally approved by Government as part of the GBSGD to Project Definition Document stage in accordance with the Council's GRFAF.
2.5	Approve the release of £0.355m (funded £0.355m Integrated Transport Block) to fund the remaining development and preparatory costs required to progress projects provisionally approved by Government as part of the GBSGD to Project Definition Document stage in accordance with the Council's GRFAF.
2.6	Note that development and preparatory costs funded through Prudential Borrowing will be reclaimed in arrears from the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) as eligible expenditure, in accordance with the Growth Deal 'Assurance Framework' approved by Cabinet on the 8 th December 2014.
2.7	Note the financial risk to the Council that such reclamation is dependent upon the approval of GBSLEP full business cases for projects fully approved by Government and both the Department for Transport (DfT) and GBSLEP for projects with provisional approval status.
2.8	Note that a proposal has been made to GBSLEP that the development and preparatory costs of GBSGD projects are directly funded by the Growth Deal funds held by the Council as accountable body.
2.9	Delegate authority to the Deputy Chief Executive to submit formal funding bids to the GBSLEP for those projects fully approved by Government as part of the GBSGD.
2.10	Delegate authority to re-programme and re-phase projects contained within this report to the Deputy Chief Executive, in accordance with the GBSLEP Assurance Framework and governance arrangements put in place for the management of LGF resources.
2.11	Delegate grant acceptance to the Council's Section 151 Officer for those projects fully approved by Government as part of the Greater Birmingham and Solihull Growth Deal.
2.12	Approve the making of Compulsory Purchase Orders under sections 239, 240 and 250 Highways Act 1980 in respect of the land and rights within the areas shown edged black on drawings: CA_01783_S1_009; CA_02709_S1_009; CA_02712_S2_001 and CA-02569_S1_011 that relate to the Battery Way Extension, Iron Lane, Longbridge Connectivity and Ashted Circus projects. These drawings are provided as Appendix E to this report.
2.13	Authorise the Director of Legal and Democratic Services to carry out all preparatory work for the Compulsory Purchase Orders (including land referencing), prepare and seal the necessary documentation in connection with the Compulsory Purchase Orders and to submit the orders to the Secretary of State for Transport for confirmation, preparation for any Public Inquiry and to serve all necessary notices to give effect to the Compulsory Purchase Orders and their implementation, including High Court Enforcement Officer Notices and (if granted power to do so) to confirm the Compulsory Purchase Orders; and to negotiate and enter into any documents necessary to give effect to the recommendations contained within this report.

2.14	Authorise the Director of Legal and Democratic Services to make and submit for confirmation (if required) orders under Sections 14 and 125 Highways Act 1980 (or such similar orders as may be necessary) for the schemes.
2.15	Authorise the Director of Property to negotiate and complete the acquisition of any interest, in advance of and alongside the confirmation of the Compulsory Purchase Orders, up to a maximum value of £0.5m, and to agree costs and compensation relating to the Compulsory Purchase Orders, and authorise the Director of Legal and Democratic Services to complete such acquisitions and seal any documents in connection therewith.
2.16	Authorise the Director of Property to negotiate the termination/surrender of the existing lease for the Flaxley Road Snooker Club and all associated terms relating to the transaction (including payment of compensation if applicable) in relation to the Iron Lane project; and terminate a tenancy of a café with living accommodation at 152 Reddings Lane in relation to the Battery Way Extension project.
2.17	Approve the subsequent demolition of the Flaxley Road Snooker club and note that a contractor will be procured through an open tender process in accordance with Standing Orders.
2.18	Authorise the Director of Property to commence and acquire necessary land interests shown on plan CA_02715-003 relating to the A457 Dudley Road Improvements project on a negotiated basis, up to a maximum value of £7.3m, subject to appropriate agreements being put in place with GBSLEP to reclaim such costs upon receipt of full business case approval from both the GBSLEP and the Department for Transport.
2.19	Subject to the approval of the Deputy Leader's Capital Receipts Panel, agree to reinvest capital receipts arising from any subsequent disposal of land assets acquired utilising GBSLEP LGF resources to meet unfunded public sector funding contributions associated with the LGF programme.

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3. Consultation	
3.1	<u>Internal</u> Consultation has been undertaken with the Leader, Cabinet Member for a Green, Smart and Sustainable City, Cabinet Member for Social Cohesion, Equalities and Community Safety, Cabinet Member for Commissioning, Contracting and Improvement, Chief Executive, Strategic Director of Place, Director of Highways and Resilience, Director of Property and Director of Planning and Regeneration who support the progression of the LGF programme.
3.2	In accordance with the Projects and Programmes methodology the Corporate Quality Assurance and Governance Team have appraised this Programme PDD and recommend it for approval.
3.3	<u>External</u> Engagement has taken place with the GBSLEP Programme Delivery Director. Full and detailed formal consultation will be undertaken as part of individual Full Business Cases (FBC), in accordance with normal practice.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?
This LGF programme performs an essential role in supporting a range of projects and programmes that contribute towards achieving the City Council's key policies and priorities as set out in the Leader's Policy Statement, Council Business Plan 2015+, Birmingham Connected, West Midlands Local Transport Plan (LTP) and the Big City Plan. It also aligns closely with the GBSLEP Strategy for Growth, Strategic Economic Plan and masterplans produced for Snow Hill, Eastside and Curzon Street.

4.2 Financial Implications
The total estimated capital cost of the LGF transport and connectivity programme is £194.450m, with development and preparatory costs totalling £14.454m and implementation costs £179.996m. Proposed funding is shown in the below tables, which distinguish between projects with full and provisional approval status from Government.

Source	Development and Preparatory Costs	
	Fully Approved	Provisionally Approved
	£000's	£000's
Integrated Transport Block (ITB)	1105	355
Planning and Regeneration (BCC)	84	0
Prudential Borrowing (reclaimed from GBSLEP LGF)	3177	8880
Section 106	0	0
Private Sector Contribution	0	0
Enterprise Zone	673	0
DfT Pinch Points	180	0
Public Sector (Unconfirmed)	0	0
Totals	5219	9235
Total (Fully approved + provisionally approved)		14454

Source	Implementation Costs	
	Fully Approved	Provisionally Approved
	£000's	£000's
Integrated Transport Block (ITB) - Previous Allocation	1451	0
Local Growth Fund	42816	85931
Section 106	50	0
Private Sector Contribution	6848	0
Enterprise Zone	3873	0
Private Sector (unconfirmed)	6288	2924
Public Sector (unconfirmed)	11501	18314
Totals	72827	107169
Total (Fully approved + provisionally approved)		179996

4.3 Prudential Borrowing approval is sought to fund £12.057m (£3.177m + £8.880m shown in the table above) of development and preparatory costs, which will be reclaimed in arrears from the GBSLEP as eligible expenditure, in accordance with the Growth Deal 'Assurance Framework' approved by Cabinet on the 8th December 2014. Such reclamation is dependent upon the approval of full business cases by GBSLEP for projects fully approved by Government and both the Department for Transport (DfT) and GBSLEP for projects with provisional approval status.

4.4 The financial risk to the Council should be noted in the case that GBSLEP approvals are not received. This scenario is however considered to be unlikely, with the early submission of business cases proposed to minimise Prudential Borrowing requirements and the associated risk.

4.5 Should the development and preparation work expose risks to the project that result in it no longer being viable, then abortive costs become revenue and there is no funding to offset these. This is the case across the country under the Growth Deal process; however the process of having the projects approved by Government prior to the award of the grant mitigates this risk.

4.6	Each project carries its own risk and therefore the likelihood of the full amount of development and preparation fees contained within this report becoming abortive costs is considered extremely unlikely. Projects will be monitored closely through the development and delivery stages by both the project managers and the GBSLEP Growth Deal delivery team. Any deviations from the planned delivery timetable will be reported to Economy Management Team for action.
4.7	A match funding strategy will be developed by July 2015 to accommodate unconfirmed public and private sector project contributions identified above for fully approved projects. Initial components of this strategy are outlined in sections 5.25 to 5.30 of this report, including the reinvestment of capital receipts arising from the disposal of land assets acquired utilising GBSLEP resources. Specific strategies for the provisionally approved projects will be brought forward at PDD stage.
4.8	Additional maintenance costs are envisaged for many of the projects within the LGF programme. Revenue implications arising from individual projects will be critically reviewed at FBC stage for value for money and affordability. Each FBC will be required to identify its revenue maintenance provision as part of the approval process. Where commuted sums cannot be obtained from external partners or the Enterprise Zone, revenue implications, which are estimated to be circa £300,000 per annum will be funded from provision for Highways Maintenance held within Corporate Policy Contingency.
4.9	<u>Legal Implications</u> The relevant primary legislation required to implement individual projects contained within the LGF programme comprises the Highways Act 1980; Road Traffic Act 1974; Road Traffic Regulation Act 1984; Traffic Management Act 2004; Town and Country Planning Act 1990; Planning and Compulsory Purchase Act 2004 and Acquisition of Land Act 1981.
4.10	<u>Public Sector Equality Duty (see separate guidance note)</u> An initial screening for an Equality Assessment (EA) has been undertaken and has concluded that a full EA is not required at this time, with no adverse impacts on protected groups. This position will be reviewed for each composite project at FBC stage (or PDD stage for the provisionally approved projects). The initial screening is provided as Appendix B to this report.

5. Relevant background/chronology of key events:	
5.1	On 31st March 2014 the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), along with the other 38 LEPs, submitted its Strategic Economic Plan (SEP) to Government. The SEP set out the area's vision and priorities, along with associated delivery plans. It was based on the GBSLEP's Strategy for Growth published in May 2013 following extensive consultation, which defines the LEP's mission as being "to create jobs and grow the economy and in doing so raise the quality of life for all of the LEP's population". The SEP and the outcomes of a project assessment and prioritisation process were agreed by the GBSLEP Board on the 21st March 2014, with the City Council represented by the Leader.
5.2	The SEP demonstrated work undertaken to date by the GBSLEP and its partners to meet its priorities and showed how local, national and European resources would be used to create jobs and growth. The SEP outlined 52 projects across the LEP area seeking Local Growth Fund (LGF) resources. The LGF is a £2bn pot for 2015/16, of which £1bn was allocated competitively across England. It is proposed to contain at least £2bn per annum for the five years thereafter.
5.3	Government used the SEP to negotiate a Greater Birmingham and Solihull Growth Deal (GBSGD - see Appendix D) announced on 7th July 2014. The GBSGD is worth a total of £357m. This includes capital funding to support 34 projects across Greater Birmingham and Solihull of which 29 have received 'full approval' from Government and will commence in 2015/16. Five large transport schemes have been given 'provisional approval' as they require further development of their business cases before full approval can be granted. The GBSGD was formally signed between Government and the GBSLEP on the 8 th January 2015.

5.4	Transport and connectivity projects (shown on the plan provided as Appendix C) feature significantly within the GBSGD, with schemes prioritised as favourable by the GBSLEP in terms of their public and private sector leverage (match funding), early implementation and contribution towards delivering 13,000 jobs, 4,000 new homes, upskilling 7,633 people and generating as much as 641,258sqm of employment space across the GBSLEP geography.
5.5	In July 2013 Government confirmed that £23.9m of devolved capital funding would be made available to the Greater Birmingham and Solihull Local Transport Board (LTB) to take forward major transport projects. Further to a prioritisation process undertaken by the LTB (centred upon the 5 green book appraisal cases of strategic, economic, financial, commercial and management) LGF funding allocations as shown in brackets were made to One Station (£3.5m); Midland Metro Extension to Centenary Square (£8m); Making the Connections (£6.8m); and Hagley Road SPRINT Bus Rapid Transit (£5.6m).
5.6	These priorities were agreed by the LTB on the 14th July 2013 and endorsed by the GBSLEP on the 27th September 2013, with the City Council represented by the Leader. Aside from the Hagley Road SPRINT scheme, which is to be delivered by Centro, the remaining projects are to be implemented by the Council, with Cabinet approvals already in place for the One Station and Metro Extension projects.
5.7	As such, Project Definition Document approval to enable development and preparatory activities to commence is sought for the Making the Connections project in this report, which will deliver a high quality public realm scheme radiating from New Street Station to connect key employment, civic and retail destinations within the city centre. A detailed Project Definition Document for this project is provided within Appendix A (annex C) to this report.
5.8	With the above LTB projects and funding allocations forming a pre-committed component of the GBSGD, a further 10 projects (to be delivered by the Council and covering transport and connectivity) were awarded LGF funding by Government on a competitive basis. Such awards related to the overall strength of the SEP and business case documentation submitted for each project to demonstrate 'strategic fit' and value for money. PDD approval to enable development and preparatory activities is sought in this report for the 10 projects listed below. LGF funding awards are shown in brackets, with project descriptions provided in Appendix A to this report.
5.9	Ashted Circus (£4.07m); Journey Time Reliability Improvements (£1.21m); Birmingham's Sustainable Urban Extension (£5.0m); Battery Way Extension (£1.26m); Selly Oak New Road Phase 1B (£3.63m); A34 at Perry Barr (£3.5m); Iron Lane, Station Road, Flaxley Road, Stechford (£5.0m); Longbridge Connectivity Scheme (£4.86m); Birmingham Cycle Revolution Phase 2 (£6.0m); and Snow Hill Station (£4.66m).
5.10	The following two large projects (from the 5 awarded within the GBSGD) for the Council to deliver) have 'provisional approval' from Government, with the provisional status reflecting the size, scale and detailed business case worked needed to take these projects forward. Tame Valley Viaduct Phase 3 (£72.11m) : strengthening to the A38 (M) Tame Valley Viaduct linking the M6 Junction 6 with Park Circus and the city centre; and A457 Dudley Road Improvements (£22.4m) : significant enhancements to the Dudley Road including widening the road to dual carriageway, improving junctions and enhancing pedestrian and cyclist facilities to reduce congestion and improving reliability. It is proposed that these projects are given provisional PDD approval to enable development and preparatory activities to commence.
5.11	The GBSGD provides a significant opportunity for both the GBSLEP and the City Council as its largest partner to demonstrate that it can deliver major infrastructure and devolved funding in an expedient manner. Such delivery is critical in the context of recommendations contained within the Kerslake report, implementing the Birmingham Connected transport vision, the Big City Plan and securing further devolved powers from Government at a sub-regional level.

5.12	On this basis, the governance proposals included in this report are essential in terms of timely delivery and enabling on-site starts for many of the above projects during 2015/16, as expected by Government as part of the GBSGD funding award.
5.13	In formally accepting 'accountable body' status for the GBSGD on the 8th December 2014, the Council's Cabinet also agreed an Assurance Framework (AF), which set out the mechanism for scheme promoters to secure full LGF funding approval from the GBSLEP. This mechanism in summary entails the submission, evaluation and approval of 'green book' compliant business cases for those projects previously prioritised by the LTB or given full approval status by Government. The larger transport projects (Tame Valley Viaduct Phase 3 and A457 Dudley Road Improvements) will also require full approval in the same way; however, funds will not be released to the GBSLEP by Government until these projects have also satisfied Department for Transport (DfT) business case procedures for major schemes.
5.14	In this context it is proposed that the 11 schemes with full Government approval are authorised to submit business cases in accordance with the AF to the GBSLEP, with submission authority delegated to the Deputy Chief Executive. It is further proposed given the need for expedient scheme delivery, that subsequent grant acceptance is delegated to the Council's Section 151 Officer, whilst the Director of Legal and Democratic Services is authorised to negotiate, execute and complete any necessary legal documentation. The latter is most likely to take the form of Service Level Agreements between the Council acting in its role as 'accountable body' for the GBSGD and relevant delivery departments.
5.15	Given that options appraisal has already been undertaken, it is proposed that these 11 schemes move to City Council FBC stage, with all funding to be confirmed as required by the Council's Gateway and Related Financial Approval Framework ahead of FBC approval. It should be noted that multiple FBCs may be brought forward for specific schemes to take account of phasing requirements or project components that can be delivered separately. In the case of the two provisionally approved projects, it is proposed that PDD approval is secured from Cabinet to authorise business case submission to the GBSLEP and DfT, and cover grant acceptance governance procedures in the standard manner. It is proposed that these will be two separate executive reports.
5.16	It is proposed that update reports will be submitted to Cabinet annually to update members on progress and the overall financial position of the LGF programme.
5.17	Given the size and scale of the LGF programme it is likely that schemes may have to be re-programmed or re-phased so as to align with available resources or address delivery issues. It is also likely that some schemes will experience variations in cost as they are developed further or as a result of consultation. In the context of expedient scheme delivery and the reputational damage that non-delivery will levy on both the Council and the GBSLEP, it is proposed that re-programming and re-phasing decisions be delegated to the Deputy Chief Executive, in accordance with the GBSLEP Assurance Framework and governance arrangements put in place for the management of LGF resources.
5.18	Significant development and preparatory costs (totalling £14.454m) are required by scheme promoters to take the overall LGF programme to FBC stage (or PDD stage in the case of provisionally approved projects). The GBSLEP has recognised the significant nature of the above costs and has within the AF allowed for eligible 'preparatory costs' (feasibility, detailed design, statutory orders, land acquisition and procurement procedures) to be reclaimed at the point of receiving GBSLEP full business case approval. It is therefore proposed that the Council prudentially borrows an estimated £12.057m to part fund these costs, with such costs subsequently reclaimed.

5.19	The financial risk to the Council should be noted; as such reclamation is dependent upon GBSLEP full business case approval for projects fully approved by Government and both the Department for Transport (DfT) and GBSLEP for projects with provisional approval status. A scenario of business cases not receiving approval is considered unlikely, however, submissions will be made to the GBSLEP as early as possible to minimise this risk and reduce Prudential Borrowing requirements.
5.20	The Iron Lane/Station Road/Flaxley Road, Battery Way Extension, Longbridge Connectivity, Ashted Circus and A457 Dudley Road projects require third party land outside of the Council's current ownership. It is proposed that Compulsory Purchase Order (CPO) processes are initiated for the Iron Lane, Battery Way Extension, Longbridge Connectivity and Ashted Circus projects on the basis set out in Appendix A to this report and to run in parallel to negotiated acquisition.
5.21	It is also proposed that authority be granted to negotiate the termination/surrender of the existing lease for the Flaxley Road Snooker Club and the property's subsequent demolition to enable the delivery of the Iron Lane project. It is additionally proposed that authority be granted to terminate a tenancy of a café with living accommodation at 152 Reddings Lane in relation to the Battery Way Extension project. The cost of these property activities are included within the total amount shown in paragraph 5.18, but should not exceed a value of £0.5m.
5.22	In the context of the Dudley Road scheme having provisional approval status only, it is proposed that authorisation be given to the Director of Property to commence and acquire necessary land interests on a negotiated basis, with a Highway Improvement Line covering these interests as approved by the Director of Planning and Architecture and Director of Transportation in July 1998. This approval will be subject to appropriate agreements being put in place with GBSLEP to reclaim such costs (estimated at £7.3m) upon receipt of full business case approval from both the GBSLEP and the DfT. Again these costs are included within the amount shown in paragraph 5.18. Subsequent reports will be brought for executive decision if acquisition is required on a compulsory basis, most likely at PDD stage.
5.23	It should be noted that advanced property acquisitions are required to meet project delivery programmes to enable the commencement of substantive engineering works. In addition, the acquisitions will support expenditure profiles set out by Government to be met at both a Council and GBSLEP level.
5.24	The total estimated capital implementation cost of the LGF programme is £179.996m as broken down in paragraph 4.2. By FBC stage schemes will be required to confirm the source of all funding contributions. Should schemes be unable to confirm such sources, FBC approval will be deferred until this condition is appropriately satisfied.
5.25	In terms of currently unconfirmed public sector contributions (£11.501m for fully approved projects and £18.314m for provisionally approved projects), the Transportation and Highways Capital Programme 2014/15 to 2016/17 report approved by Cabinet on the 17 th November 2014 established a 'major scheme support fund' to assist in providing local contributions for LGF projects. £0.808m was allocated to this fund from Integrated Transport Block resources in 2014/15, with a further £2.0m to be allocated on a rolling annual basis from 2015/16.
5.26	In addition, funding within the Transportation and Highways Capital Programme that has not been committed by way of a PDD or FBC at year end will also be allocated to this fund commencing in 2014/15. It is estimated that circa £4.8m will be available from the beginning of the 2015/16 financial year, with circa £15m available in total up to 2020/21 by continuing this arrangement.

5.27	In the context of other potential match funding commitments associated with the Cycle City Ambition Grant Round 2 (£7.9m) and the DfT Highways Maintenance Challenge Fund (£0.363m) being required in similar timescales, a match funding strategy will be developed by July 2015 to ensure that local funding contributions (totalling circa £20m for fully approved schemes up to 2020/21) are available as and when required. It is envisaged that this strategy will review the following resources, with cash flowing arrangements put in place as necessary: Section 106; Capital Receipts; Prudential Borrowing; Community Infrastructure Levy (CIL); European Structural and Investment Funds; Bus lane enforcement income; Resources already allocated that can be aligned; New funding sources and channels; Review of major scheme support fund allocations (i.e. increase); Seek further competitive resources from LGF. There is also the alternative option of reducing a project's scope to reduce costs and hence the level of local contribution required. As each element of the programme progresses to FBC the actual match will be fully identified.
5.28	Subject to the approval of the Deputy Leader's Capital Receipts Panel, it is proposed to reinvest capital receipts arising from any subsequent disposal of land assets acquired utilising GBSLEP LGF resources to meet unfunded public sector funding contributions associated with the LGF programme as part of the strategy developed.
5.29	A match funding strategy for the provisionally approved projects (requirement of £18.314m) will be brought forward at PDD stage.
5.30	The unfunded private contributions relate to the Birmingham Sustainable Urban Extension, A34 Perry Barr and Dudley Road projects. The scope of these projects will be adjusted or alternative sources of funding sought if the £9.212m proposed cannot be accessed.
5.31	Schemes will be delivered by the City Council and works will be procured through approved frameworks or competitive tenders utilising either in house resources or partner's procurement arrangements, in accordance with Standing Orders and the Procurement Governance Arrangements.
5.32	Key risks for the LGF transport and connectivity programme are provided in Appendix A (annex B) to this report.

6. Evaluation of alternative option(s):	
6.1	The projects included within this PDD have already been prioritised and approved (either fully or provisionally) by both the GBSLEP and Government. Subject to the submission and approval of full business cases to both the GBSLEP and Government (for the provisional schemes) to confirm costs and value for money, these schemes will proceed on the basis that all other dependencies have been satisfied, addressed or resolved, as set out in Appendix A to this report.
6.2	Schemes will now be approved on a case by case basis by the Council in accordance with the Council's Gateway and Related Financial Approval Framework.
6.3	No further options appraisal is proposed at programme level.

7. Reasons for Decision(s):	
7.1	To commence necessary development and preparatory activities necessary to deliver the Council's LGF Transport and Connectivity programme.

Signatures	<u>Date</u>
Cabinet Member for Development, Transport and the Economy
Deputy Leader
Deputy Chief Executive

List of Background Documents used to compile this Report:
<ol style="list-style-type: none"> 1. Leader's Policy Statement – June 2014 2. Council Business Plan and Budget 2014+ February 2014 3. 2011-2026 West Midlands Local Transport Plan (LTP) 4. Integrated Transport Block and Highway Capital Maintenance Block Funding Allocations for 2014/15 – Report of the Head of Programme Management to the ITA, 14th February 2014 5. Local Transport Capital Settlement for 2014/15 – DfT 6. Greater Birmingham and Solihull LEP Strategic Economic Plan and European Structural and Investment Fund Strategy. (March and January 2014 respectively) 7. Integrated Transport Block Allocations 2015 to 2021, Department for Transport, July 2014. 8. Local Growth Fund – Initial Release of Development Funding for Transportation Schemes – Report of the Head of Transportation Services to the Cabinet Member for Development, Transport and the Economy jointly with the Deputy Chief Executive, November 2014 9. Transportation and Highways Capital Programme 2014/15 to 2016/17 – Programme Definition Document – Report of the Deputy Chief Executive to Cabinet – 17th November 2014 10. Birmingham City Council acting as the Accountable Body for funding received by the GBSLEP through the Growth Deal – Report of the Deputy Chief Executive to Cabinet – 8th December 2014

List of Appendices accompanying this Report (if any):
<ol style="list-style-type: none"> 1. Appendix A - Project Definition Document (including Annexes A and C) 2. Appendix B - Equality Assessment – Initial Screening Document 3. Appendix C – Scheme location plan. 4. Appendix D – GBS Growth Deal 5. Appendix E – CPO Drawings 6. Appendix F – Land for negotiated acquisition.

PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) age(b) disability(c) gender reassignment(d) pregnancy and maternity(e) race(f) religion or belief(g) sex(h) sexual orientation

PROJECT FUNDING

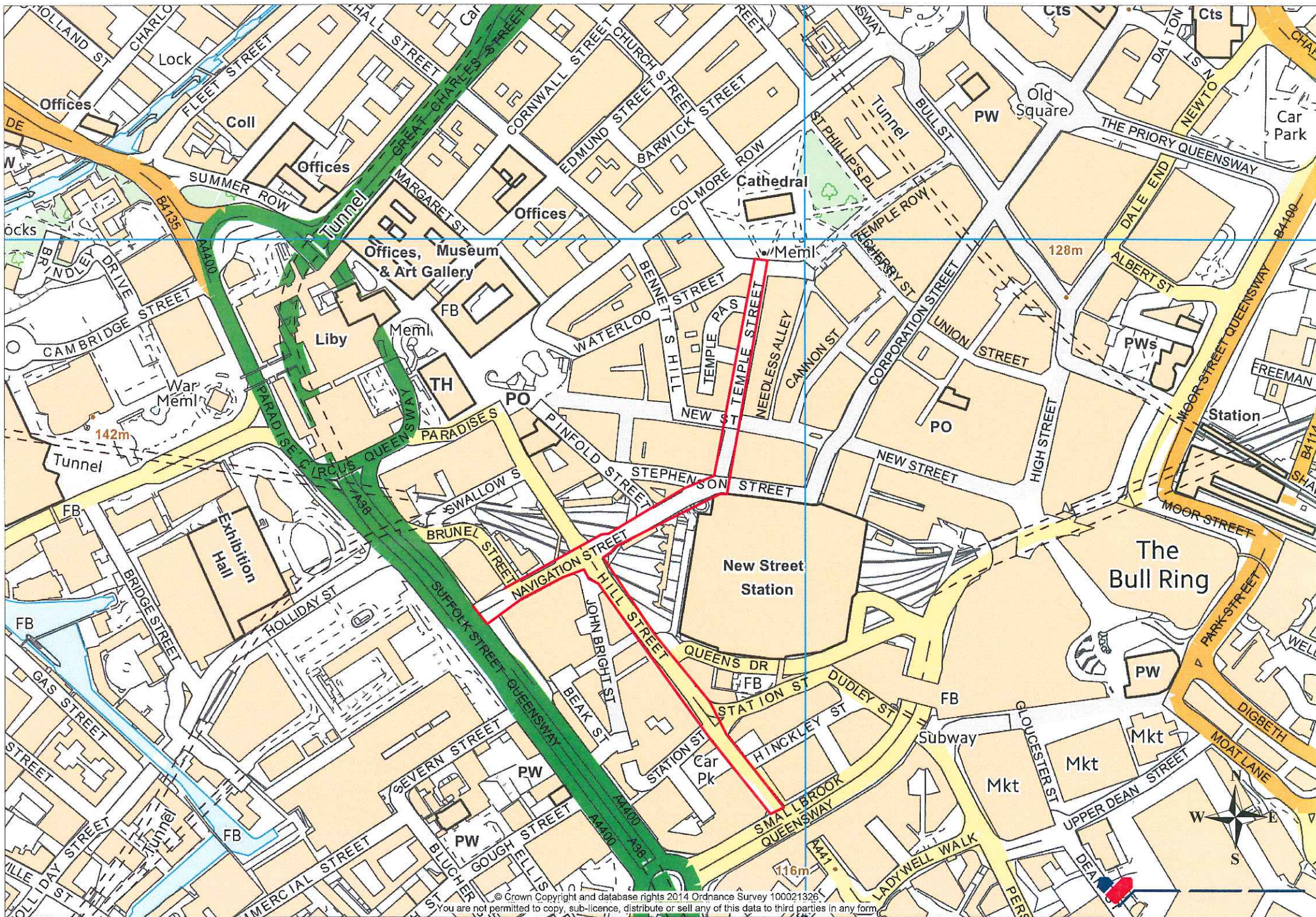
PROJECT NAME: Birmingham Cycle Revolution Phase 2									
		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Development and Preparatory Costs to FBC (Capital costs and funding)		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure:									
Development costs to FBC									
Land Acquisition (include land in advance)		20	425	400	30	0	0	0	875
		0	0	0	0	0	0	0	0
Totals		20	425	400	30	0	0	0	875
Funding									
Integrated Transport Block (ITB)		20	130	0	0	0	0	0	150
Planning and Regeneration (BCC)		0	0	0	0	0	0	0	0
Prudential Borrowing (reclaimed from GBSLEP LGF)		0	295	400	30	0	0	0	725
Section 106		0	0	0	0	0	0	0	0
Private Sector Contribution		0	0	0	0	0	0	0	0
Enterprise Zone		0	0	0	0	0	0	0	0
DfT Pinch Points		0	0	0	0	0	0	0	0
Public Sector (Unconfirmed)		0	0	0	0	0	0	0	0
Totals		20	425	400	30	0	0	0	875
Implementation Fees and Works (Capital Costs & Funding)		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure:									
Implementation Fees and Works									
		0	680	710	2620	1770	1345	0	7125
Totals		0	680	710	2620	1770	1345	0	7125
Funding									
Integrated Transport Block (ITB) - Previous Allocation		0	0	0	0	0	0	0	0
Local Growth Fund		0	680	710	2000	950	935	0	5275
Section 106		0	0	0	0	0	0	0	0
Private Sector Contribution		0	0	0	0	0	0	0	0
Enterprise Zone		0	0	0	0	0	0	0	0
Private Sector (unconfirmed)		0	0	0	0	0	0	0	0
Public Sector (unconfirmed - provisionally approved)		0	0	0	0	0	0	0	0
Public Sector (unconfirmed - fully approved)		0	0	0	620	820	410	0	1850
Totals		0	680	710	2620	1770	1345	0	7125
Totals (Development + Preparatory + Implementation)		20	1105	1110	2650	1770	1345	0	8000
Revenue Consequences									
Maintenance Costs		0	0	0	15	20	25	50	
Totals									
Funded By:									
Commuted sums, EZ, Provision for Highways Maintenance held within Corporate Policy									
Contingency		0	0	0	15	20	25	50	
Totals									

ANNEX B – Programme Level Risk Assessment

No	Risk Description	Owner / Manager	Inherent Risk			Measures in place to manage	Residual Risk			Status	Further Action
			Impact	Likelihood	Exposure		Impact	Likelihood	Exposure		
1	Full business cases are not approved by the LEP	Project Managers	High	Low	High	External support engaged to prepare business cases in accordance with LEP AF and support internal officers.	High	Low	High	Same	Ongoing engagement and coordination to be put in place with GBSLEP, Joint Delivery Team and Growth Team.
2	Full business cases are not approved by DfT for larger projects	Project Managers	High	Medium	High	External support engaged to prepare business cases in accordance with LEP AF/DfT processes and support internal officers.	High	Medium	High	Same	DfT hosted business case seminars to be attended and regular contact maintained with DfT local and central.
3	City Council does not deliver its Growth Deal projects resulting in lower future Government funding allocations	BCC	High	Medium	High	Internal governance and reporting procedures put in place to monitor and control the LGF programme.	High	Medium	High	Same	LGF programme delivery to be made standing item on relevant portfolio holders agendas.
4	Insufficient funding to fully deliver programme	Phil Edwards/Alison Jarrett	High	Medium	High	Detailed programme and cost management. New sources of funding obtained. Scheme scopes revised.	High	Medium	High	Same	External and new sources of funding to be constantly investigated and pursued.
5	Local contributions (public and private) cannot be secured/met	Phil Edwards/Alison Jarrett	High	Medium	High	Capital strategy to be reviewed revised and agreed. Scheme scopes to be revised.	High	Medium	High	Same	External and new sources of funding to be constantly investigated and pursued.
6	Third party land interests cannot be acquired voluntarily	Project Manager	High	Medium	High	Parallel CPO processes put in place	High	Low	High	Better	Appropriate engagement with Legal and Birmingham Property Services put in place
7	Objections from key consultees	Project Managers	High	Medium	Medium	The scheme package has been discussed with senior members. Some schemes have already been consulted upon.	High	Low	Medium	Better	
8	Skills, capacity and capability insufficient to fully deliver programme	Varinder Raulia/Andrew Round/John Blakemore	High	Medium	High	Recruitment, training and use of consultant's framework put in place.	Medium	Medium	Medium	Better	

9	Contractors experience financial difficulties.	Contractor	High	Low	Medium	It is proposed to procure the works through in house resources or partner frameworks. Financial checks will be carried out during tender evaluation processes.	High	Low	Medium	Same	
10	Insufficient revenue resources to fully cover inventory growth and other consequences	Alison Jarrett	High	Medium	Medium	Ongoing review of revenue implications throughout project life cycle. Commuted sums sought where possible.	Medium	Low	Medium	Same	
11	Failure to meet grant conditions with funding being withheld.	Project Manager	High	Low	Medium	Projects will be effectively managed to address issues affecting delivery and consequentially grant funding.	Medium	Low	Low	Better	
12	External match funding bids unsuccessful	Phil Edwards	High	High	Medium	Close liaison being undertaken with external funders.	High	High	Medium	Same	Reprogramming to revised resources
13	Legal Agreements/Funding agreements with partners	Stuart Evans	High	Low	Low	Discussions ongoing with relevant partners and bodies	Medium	Low	Low	Better	
14	Road space cannot be booked due to other schemes taking place	Project Managers	High	Medium	Medium	Liaison between promoters and traffic management ongoing in terms of programming	Medium	Medium	Medium	Better	
15	Congestion impacts during construction cause major traffic management issues	Project Managers	High	High	High	Programme of behavioural change and communication to be implemented.	High	High	High	Same	Funding for this activity to be identified
16	Contractors not available due to other workload	Project Managers	High	High	High	Early dialogue with contractors on forthcoming tender opportunities. Consider early contractor involvement and design and build delivery routes.	Medium	Medium	Medium	Better	
17	Statutory undertakers cannot achieve delivery programme due to workload/resources	Project Managers	High	High	High	Early dialogue with statutory undertakers . Place orders at earliest opportunity. Explore civils works being carried out by the main works contractor.	High	Medium	Medium	Better	

18	Birmingham Development Plan not adopted by Council or found unsound as part of EIP process impacting on SUE scheme.	Waheed Nazir	High	Low	High	Additional work as requested by PINS completed.	Medium	Low	Medium	Better	
20	Schemes do not proceed/receive approval resulting in capital and revenue pressures to promoting departments.	Project Managers	High	Low	Medium	Ensure scheme business cases are of a high quality and ensure robust governance arrangements are in place.	Medium	Low	Medium	Better	



PROGRAMME DEFINITION DOCUMENT (PDD)

1. General Information			
Directorate	Economy	Portfolio/Committee	Development, Transport and the Economy
Project Title	Local Growth Fund Transport and Connectivity Programme Definition Document	Project Code	Not applicable
Programme Description	<p><u>Background – Local Growth Fund</u></p> <p>On 31st March 2014 the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), along with the other 38 LEPs, submitted its Strategic Economic Plan (SEP) to Government. The SEP set out the area's vision and priorities, along with associated delivery plans. It was based on the GBSLEP's Strategy for Growth published in May 2013 following extensive consultation, which defines the LEP's mission as being "to create jobs and grow the economy and in doing so raise the quality of life for all of the LEP's population". The SEP and the outcomes of a project assessment and prioritisation process were agreed by the GBSLEP Board on the 21st March 2014, with the City Council represented by the Leader.</p> <p>The SEP demonstrated work undertaken to date by the GBSLEP and its partners to meet its priorities and showed how local, national and European resources would be used to create jobs and growth. The SEP outlined 52 projects across the LEP area seeking Local Growth Fund (LGF) resources. The LGF is a £2bn pot for 2015/16, of which £1bn was allocated competitively across England. It is proposed to contain at least £2bn per annum for the five years thereafter.</p> <p>Government used the SEP to negotiate a Greater Birmingham and Solihull Growth Deal (GBSGD) announced on 7th July 2014, which focused on the following key priority areas:</p> <ul style="list-style-type: none"> • Investing in growth in Greater Birmingham and Solihull; • Maximising the benefits of HS2; and • Enhancing growth sectors, and supporting and growing businesses. <p>The GBSGD is worth a total of £357m. This includes capital funding to support 34 projects across Greater Birmingham and Solihull of which 29 have received 'full approval' from Government and will commence in 2015/16. Five large transport schemes have been given 'provisional approval' as they require further development of their business cases before full approval can be granted.</p> <p>The GBSGD was formally signed between Government and GBSLEP on the 8th January 2015, with the GBSLEP represented by the Leader of the City Council, Leader of Solihull Metropolitan Borough Council and the Deputy Chairman of the LEP. Government was represented by the Deputy Prime Minister.</p> <p><u>Transport and Connectivity Projects covered by this Programme Definition Document (PDD)</u></p> <p>Transport and connectivity projects feature significantly within the GBSGD, with schemes prioritised as favourable by the GBSLEP in terms of their public and private sector leverage (match funding), early implementation and contribution towards delivering 13,000 jobs, 4,000 new homes, upskilling 7,633 people and generating as much as 641,258sqm of employment space across the LEP geography. The City Council has delivery responsibility for the below transport and connectivity projects.</p>		

Schemes previously prioritised by the Greater Birmingham and Solihull Local Transport Board (LTB)

In July 2013 Government confirmed that £23.9m of devolved capital funding would be made available to the LTB to take forward major transport projects. Further to a prioritisation process undertaken by the LTB (centred upon the 5 green book appraisal cases of strategic, economic, financial, commercial and management) LGF funding allocations as shown in brackets were made to One Station (£3.5m); Midland Metro Extension to Centenary Square (£8m); Making the Connections (£6.8m); and Hagley Road SPRINT Bus Rapid Transit (£5.6m).

These priorities were agreed by the LTB on the 14th July 2013 and endorsed by the GBSLEP on the 27th September 2013, with the City Council represented by the Leader. Apart from the Hagley Road SPRINT scheme, which is to be delivered by Centro, the remaining projects are to be implemented by the Council, with Cabinet approvals already in place for the One Station and Metro Extension projects.

As such, PDD approval to enable development and preparatory activities is sought for the Making the Connections project only in this report, as outlined below and explained in detail in the project specific 'project definition document' provided as Annex C to this report.

Making the Connections (£6.8m) – a high quality public realm scheme radiating from New Street Station to connect key employment, civic and retail destinations within the city centre.

Projects prioritised by GBSLEP and awarded full approval status by Government

With the above projects and funding allocations forming a pre-committed component of the GBSGD, a further 10 projects (to be delivered by the Council and covering transport and connectivity) were awarded LGF funding by Government on a competitive basis. Such awards related to the overall strength of the SEP and business case documentation submitted for each project to demonstrate 'strategic fit' and value for money. PDD approval to enable development and preparatory activities is sought in this report for the 10 projects listed below. LGF funding awards are again shown in brackets.

Ashted Circus (£4.07m) – capacity enhancement to Ashted Circus on the Ring Road to alleviate future capacity constraints that will impede upon economic growth.

Journey Time Reliability Improvements (£1.21m) – package of small highway improvements and signals technology to improve journey time reliability for public transport services.

Birmingham's Sustainable Urban Extension (£5.0m) – improvements to the A38 Minworth roundabout and the construction of a new junction on the A38 to enable and support accelerated growth at two key sites east of Sutton Coldfield.

Battery Way Extension (£1.26m) – a new highway link between Battery Way and Reddings Lane in Tyseley, helping to deliver the regeneration of a redundant industrial site.

Selly Oak New Road Phase 1B (£3.63m) – enabling the Selly Oak Triangle for redevelopment by delivering highway capacity improvements.

A34 at Perry Barr (£3.5m) – improvements to highway capacity, public transport infrastructure, pedestrian linkages and land acquisition to realise the Aston, Newtown and Lozells Area Action Plan.

Iron Lane, Station Road, Flaxley Road, Stechford (£5.0m) – new gyratory arrangements and capacity improvements to improve access and journey time reliability for all modes.

Longbridge Connectivity Scheme (£4.86m) – delivery of highway capacity improvements to enable development in Longbridge and enhance the existing public transport infrastructure.

Birmingham Cycle Revolution Phase 2 (£6.0m) – further cycle route enhancements building upon the Council's Birmingham Cycle Revolution.

Snow Hill Station (£4.66m) – significant enhancements to the urban realm in the vicinity of Snow Hill Station and the Colmore Business District area.

Projects prioritised by GBSLEP and awarded provisional approval by Government

The following two large projects (from the 5 awarded within the GBSGD and for the Council to deliver) have 'provisional approval' from Government, with the provisional status reflecting the size, scale and detailed business case worked needed to take these projects forward.

Tame Valley Viaduct Phase 3 (£72.1m) – strengthening to the A38 (M) Tame Valley Viaduct linking the M6 Junction 6 with Park Circus and the city centre.

A457 Dudley Road Improvements (£22.4m) – significant enhancements to the Dudley Road including widening the road to dual carriageway, improving junctions and enhancing pedestrian and cyclist facilities to reduce congestion and improving reliability.

It is proposed that these projects are given provisional PDD approval to enable development and preparatory activities to commence.

Timescales and Governance

The GBSGD provides a significant opportunity for both the GBSLEP and the City Council as its largest partner to demonstrate that it can deliver major infrastructure and devolved funding in an expedient manner. Such delivery is critical in the context of recommendations contained within the Kerslake report, implementing the Birmingham Connected transport vision, the Big City Plan and securing further devolved powers from Government at a sub-regional level.

On this basis, the governance proposals included in this report are essential in terms of timely delivery and enabling on-site starts for many of the above projects during 2015/16, as expected by Government as part of the GBSGD funding award.

In formally accepting 'accountable body' status for the GBSGD on the 8th December 2014, the Council's Cabinet also agreed an Assurance Framework (AF), which set out the mechanism for scheme promoters to secure full LGF funding approval from the GBSLEP. This mechanism in summary entails the submission, evaluation and approval of 'green book' compliant business cases for those projects previously prioritised by the LTB or given full approval status by Government. The larger transport projects (Tame Valley Viaduct Phase 3 and A457 Dudley Road Improvements) will also require full approval in the same way; however, funds will not be released to the GBSLEP by Government until these projects have also satisfied Department for Transport (DfT) business case procedures for major schemes.

In this context it is proposed that the 11 schemes with full Government approval are authorised to submit business cases in accordance with the AF to the GBSLEP, with authority to submit

delegated to the Deputy Chief Executive. It is further proposed given the need for expedient scheme delivery, that subsequent grant acceptance is delegated to the Council's Section 151 Officer, whilst the Director of Legal and Democratic Services is authorised to negotiate, execute and complete any necessary legal documentation. The latter is most likely to take the form of Service Level Agreements between the Council acting in its role as 'accountable body' for the GBSLEP and delivery departments.

It is proposed that these 11 schemes now move to City Council Full Business Case (FBC) stage, with all funding to be confirmed as required by the Council's Gateway and Related Financial Approval Framework ahead of FBC approval. It should be noted that multiple FBCs may be brought forward for specific schemes to take account of phasing requirements or project components that can be delivered separately.

In the case of the two provisionally approved projects, it is proposed that full PDD approval is secured from Cabinet to authorise business case submission to the GBSLEP and DfT, and cover grant acceptance governance procedures in the standard manner. It is proposed that these will be two separate executive reports.

It is proposed that update reports will be submitted to Cabinet annually to update members on progress and the overall financial position of the LGF programme.

Programming and Cost Variations

Given the size and scale of the LGF programme it is likely that schemes may have to be re-programmed or re-phased so as to align with available resources or address delivery issues. It is also likely that some schemes will experience variations in cost as they are developed further or as a result of consultation.

In the context of expedient scheme delivery and the reputational damage that non-delivery will levy on both the Council and the GBSLEP, it is proposed that re-programming and re-phasing decisions be delegated to the Deputy Chief Executive, in accordance with the GBSLEP Assurance Framework and governance arrangements put in place for the management of LGF resources.

Development and Preparatory Costs

Significant development costs (totalling £14.454m) are required by scheme promoters to take the overall LGF programme to FBC stage (or PDD stage in the case of provisionally approved projects) as listed below:

Planning and Regeneration led - £1.959m

- Making the Connections;
- Longbridge Connectivity Scheme;
- A34 at Perry Barr; and
- Snow Hill Station.

Transportation Services led - £10.865m

- Ashted Circus;
- Journey Time Reliability Improvements;
- Birmingham's Sustainable Urban Extension;
- Battery Way Extension;

- Selly Oak New Road Phase 1B;
- Iron Lane, Station Road, Flaxley Road;
- Birmingham Cycle Revolution Phase 2; and
- A457 Dudley Road Improvements.

Highways led - £1.630m

- Tame Valley Viaduct Phase 3

The GBSLEP has recognised the significant nature of the above costs and has within the AF allowed for eligible 'preparatory costs' (feasibility, detailed design, statutory orders, land acquisition and procurement procedures) to be reclaimed at the point of receiving full GBSLEP business case approval. It is therefore proposed that the Council prudentially borrows an estimated £12.057m to part fund these costs, with such costs subsequently reclaimed. The financial risk to the Council should be noted; as such reclamation is dependent upon GBSLEP full business case approval for projects fully approved by Government and both the Department for Transport (DfT) and GBSLEP for projects with provisional approval status. A scenario of business cases not receiving approval is considered unlikely, however, submissions will be made to the GBSLEP as early as possible to minimise this risk and reduce Prudential Borrowing requirements.

Should the development and preparation work expose risks to the project that result in it no longer being viable, then abortive costs become revenue and there is no funding to offset these. This is the case across the country under the Growth Deal process; however the process of having the projects approved by Government prior to the award of the grant mitigates this risk.

The remaining development costs will be funded as follows:

- Integrated Transport Block - £1.460m;
- Planning and Regeneration - £0.084m
- Enterprise Zone - £0.673m; and
- DfT Pinch Points - £0.180m.

Land Acquisition

The Iron Lane/Station Road/Flaxley Road, Battery Way Extension, Longbridge Connectivity, Ashted Circus and A457 Dudley Road projects require third party land outside of the Council's current ownership. It is proposed that Compulsory Purchase Order (CPO) processes are initiated for the Iron Lane, Battery Way Extension, Longbridge Connectivity and Ashted Circus projects on the basis of the following and to run in parallel to negotiated acquisition.

Iron lane/Station Road/Flaxley Road – Need

The proposed scheme at the junction of Iron Lane, Flaxley Road and Station Road in Stechford will see the implementation of two new gyratory arrangements to increase the junction capacity and reduce congestion.

The existing junction is a major pinch point on the A4040 Outer Ring Road which suffers from high levels of congestion and significant traffic queues which as a consequence results in unreliable journey times for buses, cars and commercial vehicles, constraining economic growth in the area.

The proposed scheme will ease the current congestion and provide increased link capacity on

Station Road which will remove the barrier to access key employment sites, such as Fort Dunlop, Heartlands Hospital, Jaguar Land Rover the NEC and Birmingham International Airport. Infrastructure for buses will be enhanced through the upgrading of existing bus stops and provision of new bus stops. Measures to support walking and cycling will be provided including toucan crossings and pedestrian routes to strengthen desire lines between residential and local facilities.

In order to deliver a scheme that will bring about the transportation and economic benefits, the acquisition of private land interests will be required.

In addition to land acquisition, the above scheme also requires the termination/surrender of the existing lease for Flaxley Road Snooker Club. This report seeks authority to instruct Birmingham Property Services to negotiate the termination/surrender of this lease and all associated terms relating to the transaction (including payment of compensation if applicable). It is subsequently proposed that a contractor will be procured through an open tender process for the demolition of the Flaxley Road Snooker Club.

Battery Way Extension – Need

The extension of the existing Battery Way road by approximately 700 metres, through former industrial land in Tyseley, Birmingham will improve traffic flow and congestion and improve access to, and the viability of, the Signal Point development site. The road will accelerate development and employment opportunities both on the Signal Point site and other sites in the locality. The development sites have the potential for creating 1,250 new jobs (gross) and the reclamation of 15 hectares of redundant brownfield land. Additionally, junction improvements will be made to the Battery Way/ Warwick Road and Battery Way/Reddings Lane/Olton Boulevard West junctions. This will improve pedestrian access and safety in the locality.

To deliver this single carriageway road the acquisition of private land interests is required. Some of the land that is required for the road is in the ownership of the developer of the Signal Point site and the City Council is in discussion with the developer over a possible land exchange.

In order to deliver a scheme that will bring about the transportation and economic benefits the acquisition of private land interests will be required.

Longbridge Connectivity - Need

The proposed scheme improves the A38 Bristol Road South and Lickey Road roundabout by widening the A38 inbound approach and relocating the circulatory island to improve traffic flow and accommodate new development. The changes will reduce congestion and remove severance by creating additional capacity and controlled crossing to improve pedestrian/cyclist facilities.

The existing A38 junction with Lickey Road is a non-standard roundabout junction, where the circulatory traffic gives way to the A38 southbound approach. All approaches are dual carriageway. There are no controlled pedestrian crossings in the vicinity of the junction.

The physical improvements are designed to better manage traffic to/from the motorway network and the City Centre and the Longbridge development area. The proposed junction improvement forms part of the Longbridge Connectivity project consisting of a number of infrastructure improvements to support economic growth.

In order to deliver a scheme that will bring about the transportation and economic benefits the

acquisition of private land interests will be required.

Ashted Circus – Need

The City's Ring Road plays a vital role in providing access to the city centre, with improvements required to reduce congestion and accommodate key developments proposed as part of the Enterprise Zone. It is therefore proposed to undertake improvements at Ashted Circus to relieve traffic congestion and to support growth in the Eastside area. The design proposal is to replace the existing roundabout with a traffic signal junction, which has been assessed in terms of capacity and will provide traffic benefits and offer greater scope for traffic flow management (through 'linking' the traffic signals) along the ring road between Dartmouth Middleway and Bordesley Circus.

The proposals at Ashted Circus will require the existing central area of the island to be filled in and all the existing subways will be closed and in-filled, it is also proposed to remove the existing retaining walls. This will mean the existing undesirable pedestrian routes will be removed and pedestrians will cross the carriageway at road level at new controlled crossings. As a result of the proposed works it may be necessary to utilise adjoining private land to achieve an acceptable gradient to the new embankments and remove the need for new retaining structures.

In order to deliver a scheme that will bring about the transportation and economic benefits the acquisition of private land interests will be required.

Funding for Land Acquisition

Similarly to development costs, land acquisition costs can be reclaimed at the point of receiving full GBSLEP business case approval as an eligible preparatory cost. Such costs are covered within the £14.454m figure shown above.

A457 Dudley Road

In the context of the Dudley Road scheme having provisional approval status only, it is proposed that authorisation be given to the Director of Property to commence and acquire necessary land interests on a negotiated basis, with a Highway Improvement Line covering these interests as approved by the Director of Planning and Architecture and Director of Transportation in July 1998. This approval will be subject to appropriate agreements being put in place with GBSLEP to reclaim such costs (estimated at £7.3m) upon receipt of full business case approval from both the GBSLEP and the DfT. Again these costs are included within the amount shown above.

Subsequent reports will be brought for executive decision if acquisition is required on a compulsory basis.

It should be noted that advanced property acquisitions are required to meet project delivery programmes to enable the commencement of substantive engineering works. In addition, the acquisitions will support expenditure profiles set out by Government to be met at both a Council and GBSLEP level.

Implementation Costs (Works and Fees)

Schemes with full approval status

The total estimated capital cost of the LGF programme for schemes with full approval status is £72.827m. It is proposed that this cost will be funded as follows:

Local Growth Fund: £42.816m;
Integrated Transport Block (previously approved); £1.451m
Enterprise Zone: £3.873m;
Section 106: £0.05m;
Private Sector Contribution: £6.848m;
Public Sector Contribution (unconfirmed): £11.501m;
Private Sector Contribution (unconfirmed): £6.288m.

By FBC stage schemes will be required to confirm the source of all funding contributions. Should schemes be unable to confirm such sources, FBC approval will be deferred until this condition is appropriately satisfied.

In terms of currently unconfirmed public sector contributions, the Transportation and Highways Capital Programme 2014/15 to 2016/17 report approved by Cabinet on the 17th November 2014 established a 'major scheme support fund' to assist in providing local contributions for LGF projects. £0.808m was allocated to this fund from Integrated Transport Block resources in 2014/15, with a further £2.0m to be allocated on a rolling annual basis from 2015/16. In addition, funding within the Transportation and Highways Capital Programme that has not been committed by way of a PDD or FBC at year end will also be allocated to this fund commencing in 2014/15. It is estimated that circa £4.8m will be available from the beginning of the 2015/16 financial year, with circa £15m available in total up to 2020/21 by continuing this arrangement.

In the context of other potential match funding commitments associated with the Cycle City Ambition Grant Round 2 (£7.9m) and the DfT Highways Maintenance Challenge Fund (£0.363m) being required in similar timescales, a match funding strategy will be developed by July 2015 to ensure that local funding contributions (totalling circa £20m for fully approved schemes up to 2020/21) are available as and when required. It is envisaged that this strategy will include the following resources, with cash flowing arrangements put in place as necessary: Section 106; Capital Receipts; Prudential Borrowing; Community Infrastructure Levy (CIL); European Structural and Investment Funds; Bus lane enforcement income; Resources already allocated that can be aligned; New funding sources and channels; Review of major scheme support fund allocations (i.e. increase); Seek further competitive resources from LGF. There is also the alternative option of reducing a project's scope to reduce costs and hence the level of local contribution required.

Subject to the approval of the Deputy Leader's Capital Receipts Panel, it is proposed to reinvest capital receipts arising from any subsequent disposal of land assets acquired utilising GBSLEP LGF resources to meet unfunded public sector funding contributions associated with the LGF programme as part of the strategy developed.

Schemes with provisional approval status

The total estimated capital cost of the LGF programme for schemes with provisional approval status is £107.169m. It is proposed that this cost will be funded as follows:

Local Growth Fund: £85.931m;
Public Sector Contribution (unconfirmed): £18.314m;
Private Sector Contribution (unconfirmed): £2.924m.

Resourcing of the above public sector contribution will be identified at PDD stage.

	<p><u>Private Sector Unfunded Contributions</u></p> <p>The unfunded private contributions relate to the Birmingham Sustainable Urban Extension, A34 Perry Barr and Dudley Road projects. The scope of these projects will be adjusted or alternative sources of funding sought if the £9.212m proposed cannot be accessed.</p> <p><u>Revenue Implications</u></p> <p>Additional maintenance costs are envisaged for many of the projects within this LGF programme. Revenue implications arising from individual projects will be critically reviewed at FBC stage for value for money and affordability. Each FBC will be required to identify its revenue maintenance provision as part of the approval process.</p> <p>Where commuted sums or Enterprise Zone resources are not available, revenue implications, which are estimated to be circa £300,000 per annum will be funded from provision for Highways Maintenance held within the Corporate Policy Contingency.</p> <p><u>Consultation</u></p> <p>Consultation has been undertaken with the Leader, Cabinet Member for a Green, Smart and Sustainable City, Cabinet Member for Social Cohesion, Equalities and Community Safety, Cabinet Member for Commissioning, Contracting and Improvement, Chief Executive, Strategic Director of Place, Director of Highways and Resilience, Director of Property and Director of Planning and Regeneration who support the progression of the LGF programme.</p> <p>Full and detailed formal consultation will be undertaken as part of individual Full Business Cases (FBC), in accordance with normal practice. The Quality Assurance and Governance Team have appraised this Programme PDD and recommend it for approval. The GBSLEP Programme Delivery Director has been engaged as part of this process.</p> <p><u>Procurement</u></p> <p>Schemes will be delivered by the City Council and works will be procured through approved frameworks or competitive tenders utilising either in house resources or partner's procurement arrangements, in accordance with Standing Orders and the Procurement Governance Arrangements.</p> <p><u>Equalities Analysis</u></p> <p>An initial screening for an Equality Assessment (EA) has been undertaken and has concluded that a full EA is not required at this time, with no adverse impacts on protected groups. This position will be reviewed for each composite project at FBC stage (or full PDD stage for the provisionally approved projects) as necessary. The initial screening is provided as Appendix B to the executive report that accompanies this PDD.</p> <p><u>Risks</u></p> <p>Key risks are outlined in Annex B of this PDD document.</p>
<p>Links to Corporate and Service Outcomes</p>	<p>This LGF programme performs an essential role in supporting a range of projects and programmes that contribute towards achieving the City Council's key policies and priorities as set out in the Leader's Policy Statement, Council Business Plan 2015+, Birmingham Connected, West Midlands Local Transport Plan (LTP) and the Big City Plan. It also aligns closely with the GBSLEP Strategy for Growth and Strategic Economic Plan and masterplans produced for Snow Hill, Eastside and Curzon Street.</p>

APPENDIX A

	<p>In the context of the vision for an inclusive city, the LGF programme has a strong focus on supporting the Council's core mission to 'work together to create a fair, prosperous and democratic city'. In addition, the programme seeks to make a significant contribution towards the key priorities of safety, businesses, sustainability, unemployment and engagement/influence by reducing congestion, enabling growth, improving road safety, improving accessibility, improving air quality and encouraging active and sustainable modes of travel.</p> <p>Delivery is critical in the context of recommendations contained within the Kerslake report, implementing the Birmingham Connected transport vision and securing further devolved powers from Government at a sub-regional level.</p>
Project Benefits	<p>The projects included within the LGF programme will contribute significantly towards the growth targets set out in the GBSLEP Strategic Economic Plan including 13,000 jobs, 4,000 new homes, upskilling 7,633 people and generating as much as 641,258sqm of employment space across the LEP geography.</p> <p>In addition, the programme seeks to make a significant contribution towards the key Council priorities of safety, businesses, sustainability, unemployment and engagement/influence by reducing congestion, enabling growth, improving road safety, improving accessibility, improving air quality and encouraging active and sustainable modes of travel.</p>
Project Deliverables	<p>The programme will deliver a range of transportation, highways and connectivity improvements ranging from new roads and improved junctions, to walking, cycling and urban realm enhancements. In addition, it will see strengthening works completed to a key structure linking the city with the strategic road network.</p>

Key Project Milestones		Planned Delivery Dates
Approval of PDD		March 2015
Approval of Full Business Cases (FBC)		Rolling - commence July 2015
Seek Tenders & Evaluation		Rolling - commence July 2015
Start on site		Rolling - commence October 2015
Completion on site		April 2016 to April 2021
Post Implementation Review		April 2017 to April 2022
Dependencies on other projects or activities	<ul style="list-style-type: none"> • Approval of GBSLEP business cases; • Approval of business cases by DfT; • Securing match funding contributions; • Securing private contributions; • Acquiring necessary third party land; • Securing funding for revenue implications; • Completing procurement and tendering processes; • Securing access to the public highway; • Phasing works in accordance with other works on the highway; • Securing necessary legal agreements and completing grant agreements; and • Contractors and Statutory Undertakers availability. 	
Achievability	<p>Similar programmes have been completed previously. Experienced contractors with a track record of delivering similar projects will be appointed as part of necessary procurement processes.</p>	
Project Managers	<p>Making the Connections – David Lloyd (PR) Ashted Circus – Kieran Boyle (TS) Journey Time Reliability Improvements – Andrew Radford (TS) Birmingham's Sustainable Urban Extension – Gavin Maciel (TS) Battery Way Extension – Philip Santos (TS) Selly Oak New Road Phase 1B – Yin Liu (TS) A34 at Perry Barr – Ghaz Hussain (PR) Iron Lane, Station Road, Flaxley Road, Stechford – Brian Palmer (TS) Longbridge Connectivity Scheme – John Maillard/Peter Parker (PR/TS) Birmingham Cycle Revolution Phase 2 – Andrew Chidgey (TS)</p>	

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	Snow Hill Station – David Lloyd (PR) A457 Dudley Road Improvements – Brett Dennett/Will Martin (TS) A38 (M) Tame Valley Viaduct – Paul O-Day/Kamyar Tavassoli (HW)		
Project Accountant	Julie Young		
Project Sponsors	Anne Shaw – Head of Transportation Services (TS) John Blakemore - Director of Highways and Resilience (HW) Waheed Nazir – Director of Planning and Regeneration (PR)		
Proposed Project Board Members	To be confirmed		
Head of City Finance (HoCF)	Alison Jarrett	Date of HoCF Approval	9/3/15
<i>Other Mandatory Information</i>			
• Has project budget been set up on Voyager?			Yes
• Issues and Risks updated <i>(Please attach a copy to the PDD and on Voyager)</i>			Yes

2. Option Appraisal

Background	<p>The projects included within this PDD have already been prioritised and approved (either fully or provisionally) by both the GBSLEP and Government. Subject to the submission and approval of full business cases to both the GBSLEP and Government to confirm costs and value for money, these schemes will proceed on the basis that all other dependencies have been satisfied, addressed or resolved.</p> <p>Schemes will now be approved on a case by case basis by the Council in accordance with the Council's Gateway and Related Financial Approval Framework.</p> <p>No further options appraisal at programme level is proposed.</p>
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4. Budget Information – see annex A for project specific budget information

PROGRAMME FUNDING									
Programme Summary		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Development and Preparatory Costs to FBC (Capital costs and funding)		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure:									
Development costs to FBC		560	4584	1405	55	25	25	0	6654
Land Acquisition (include land in advance)		0	280	1220	5000	1000	300	0	7800
Totals		560	4864	2625	5055	1025	325	0	14454
Funding									
Integrated Transport Block (ITB)		380	890	115	25	25	25	0	1460
Planning and Regeneration (BCC)		0	84	0	0	0	0	0	84
Prudential Borrowing (reclaimed from GBSLEP LGF)		0	3217	2510	5030	1000	300	0	12057
Section 106		0	0	0	0	0	0	0	0
Private Sector Contribution		0	0	0	0	0	0	0	0
Enterprise Zone		0	673	0	0	0	0	0	673
DFT Pinch Points		180	0	0	0	0	0	0	180
Public Sector (Unconfirmed)		0	0	0	0	0	0	0	0
Totals		560	4864	2625	5055	1025	325	0	14454
Implementation Fees and Works (Capital Costs & Funding)		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Expenditure:									
Implementation Fees and Works		0	6479	42973	68966	42708	18570	300	179996
Totals		0	6479	42973	68966	42708	18570	300	179996
Funding									
Integrated Transport Block (ITB) - Previous Allocation		0	0	1420	31	0	0	0	1451
Local Growth Fund		0	6429	30979	53696	36183	1460	0	128747
Section 106		0	0	50	0	0	0	0	50
Private Sector Contribution		0	0	3627	1614	1607	0	0	6848
Enterprise Zone		0	0	0	3873	0	0	0	3873
Private Sector (unconfirmed)		0	0	290	5998	524	2400	0	9212
Public Sector (unconfirmed - provisionally approved)		0	0	500	500	2714	14300	300	18314
Public Sector (unconfirmed - fully approved)		0	50	6107	3254	1680	410	0	11501
Totals		0	6479	42973	68966	42708	18570	300	179996
Totals (Development + Preparatory + Implementation)		560	11343	45598	74021	43733	18895	300	194450
Revenue Consequences									
Maintenance Costs		0	0	49.1	173.6	236.1	276.6	311.6	
Totals									
Funded By:									
Committed sums, EZ, Provision for Highways Maintenance held within Corporate Policy									
Contingency		0	0	49.1	173.6	236.1	276.6	311.6	
Totals									

Notes – Revenue Consequences

Asset Management / Maintenance Implications

As part of the City Council's obligations under the Highway Maintenance and Management Private Finance Initiative (HMMPFI) contract, Highways will be formally notified of the proposed changes to the highway inventory arising from this LGF programme.

Consultation with Highways will be carried out to enable coordination of the proposed works with other programmed activities on the highway network.

Maintenance Costs

A high level maintenance estimate for this programme has indicated that additional average annual maintenance costs of £300,000 may arise per annum. These costs are based upon previous schemes of a similar nature, and options to further reduce these additional annual maintenance costs will be explored during the detailed design, including de-cluttering and the sourcing of commuted sums.

Where commuted sums or EZ contributions cannot be provided, such costs will be funded from provision for Highways Maintenance held within the Corporate Policy Contingency.

Network Integrity Assessment

Network integrity assessments will be carried out for the highway infrastructure to identify locations where potential maintenance savings could be made.

5. Project Development Requirements/Information			
Products required to produce Full Business Case (FBC)	<ul style="list-style-type: none"> • Consultation; • Detailed design including drawings and estimate; • Road Safety Audit 2; • Internal liaison with key Council Officers; • Highways Change Notification; • Traffic Management Protocol and Plans; • NRSWA Notification; • Approval Reports; • Delegated Form of Authority for Traffic Regulation Orders; • Approval of GBSLEP business cases; • Approval of business cases by DfT; • Securing match funding contributions; • Securing private contributions; • Acquiring necessary third party land; • Securing funding for revenue implications; • Completing procurement and tendering processes; • Securing access to the public highway; • Phasing works in accordance with other works on the highway; • Securing necessary legal agreements and completing grant agreements. 		
Estimated time to complete project development	<i>Rolling development</i>		
Estimated cost to complete project development	£14.454m		
Funding of development costs	As indicated in finance summary table.		
Planned FBC Date	Commence July 2015	Planned Date for Technical Completion	Phased between April 2016 and April 2021

List of Annexes accompanying this PDD:

Annex A – Finance tables – project specific

Annex B – Programme level risk assessment

Annex C – Making the Connections ‘Project Definition Document’ including Appendices