



Greater Birmingham and Solihull LEP Birmingham City Centre Enterprise Zone Progress Report

October 2015

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Executive Board Approvals 3

Executive Board Approvals 4

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Executive Board Approvals 10

Executive Board Approvals 13

Executive Board Approvals since March 2015

In April 2011, the LEP chose Birmingham's City Centre as the location for

The following updates can be provided:

Paradise

The redevelopment of Paradise Forum has seen continued works on site to bring the scheme forward. Major highway and utility works continue. Whilst there have been some changes to the demolition phasing of the former library building, which now commences in November 2015, the delivery of the first Phase buildings currently remains on programme for 2018. The reserved matters application for buildings 1 and 2 and the public realm were approved in September 2015.

New Wholesale Market (WSM)

Considerable work has been undertaken on relocating the Wholesale Market to enable the development of the Southern Gateway EZ site.

Relocation is now secure. At the end of October 2015, the threshold of 60% for trader sign up was exceeded. This allowed for the exchange of contract with IM Properties to purchase the land

Delivery Team

A dedicated EZ Programme Manager started in March 2015 and continues to work with the EZ boards on supporting delivery of the EZ projects. Regard is also being given where EZ projects have other LEP funding streams as part of their funding profile.

The Birmingham Graduate Hub programme, supported with EZ funding, has seen one new graduate start work in the City Centre Team in October 2015, with a second to follow in November 2015.

The EZ funded Principal Urban designer is expected to start in December 2015.

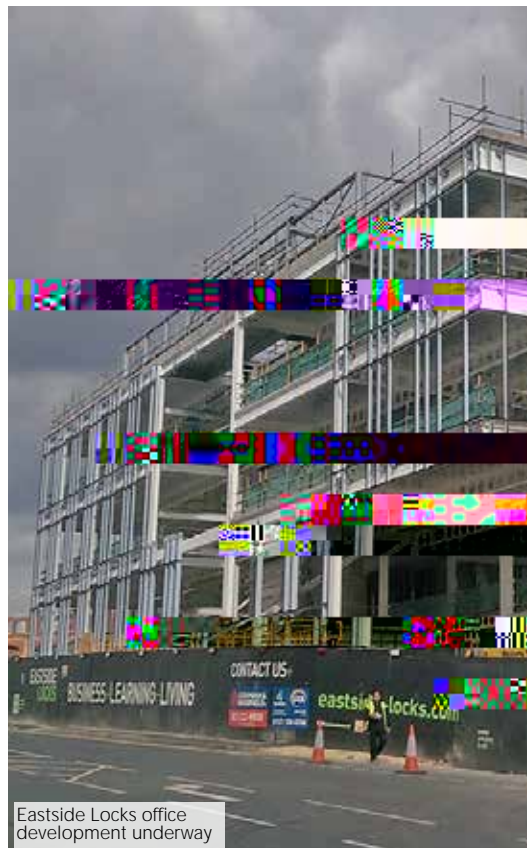
Business Development and Support, Skills and Marketing

In 2015 work commenced on looking at the Business Development and Support and Skills development funding profiles for the EZ. Funding has so far been allocated for a Relocation Service pilot scheme. In addition a proposal for an incentive fund package for a joint marketing and skills allocation is to be considered in the near future. The evidence base for which is supported by a recent funding approval to extend the occupier study for the EZ.

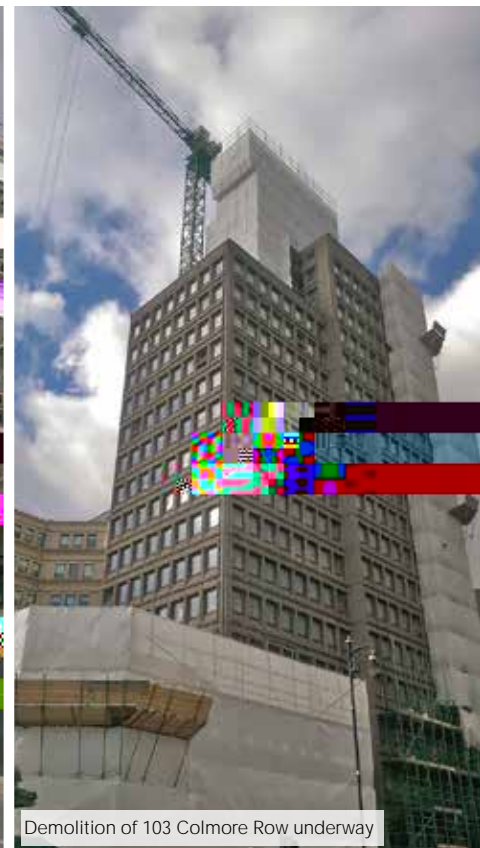
As reported in March 2015 there have been some challenges in bringing a number of these projects forward as forecasted. This is in part due to continued dependencies which influence the programme on these projects. For example, the City Centre Ring Road works with

interdependences on each other and the progress of the Paradise highway works.

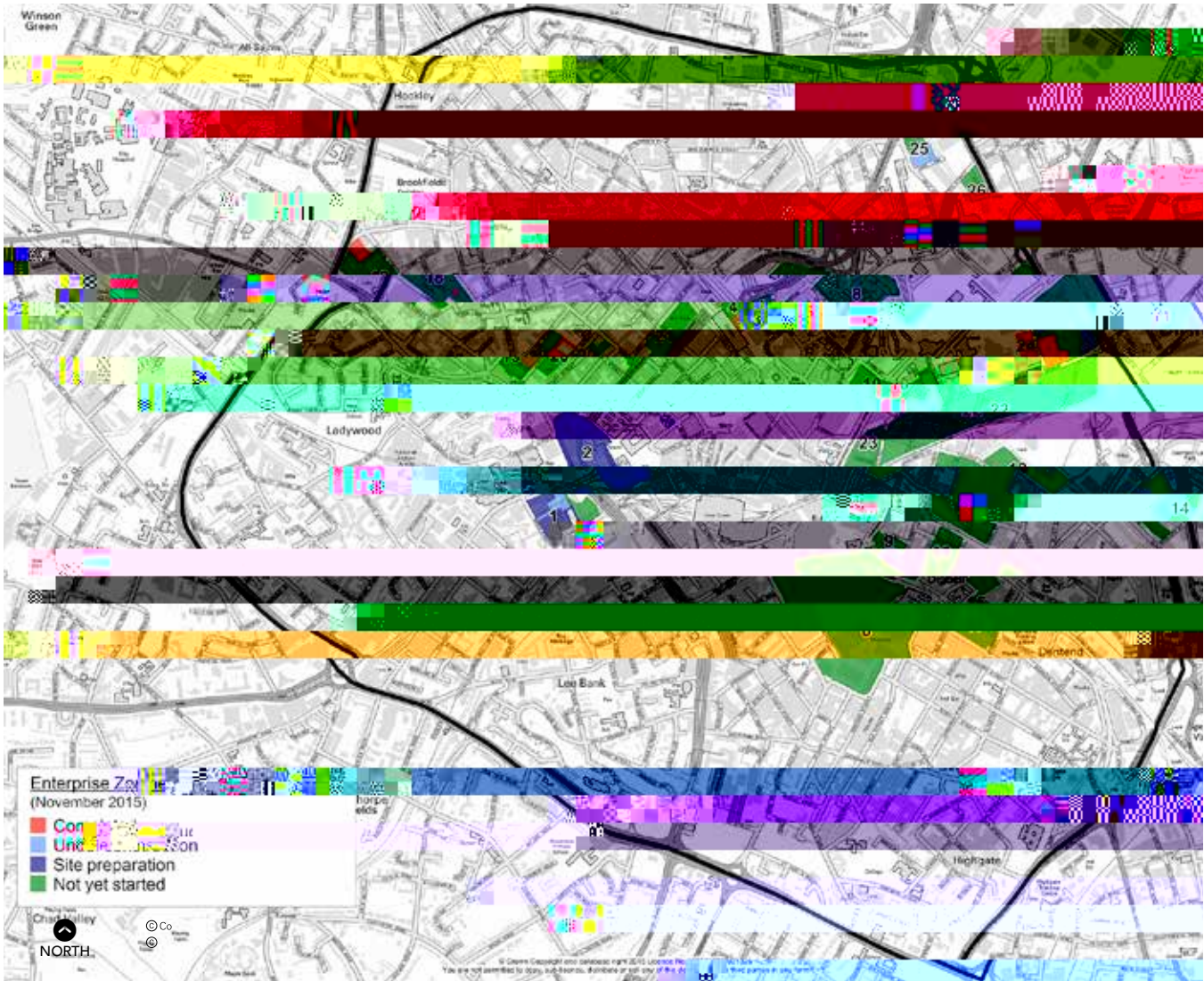
With the later start on site dates regard is given to the requirement to secure business rates uplift in line with the EZIP, with constant monitoring of the impact on the financial model and affordability. This is discussed in more detail later in this report.



Eastside Locks office development underway

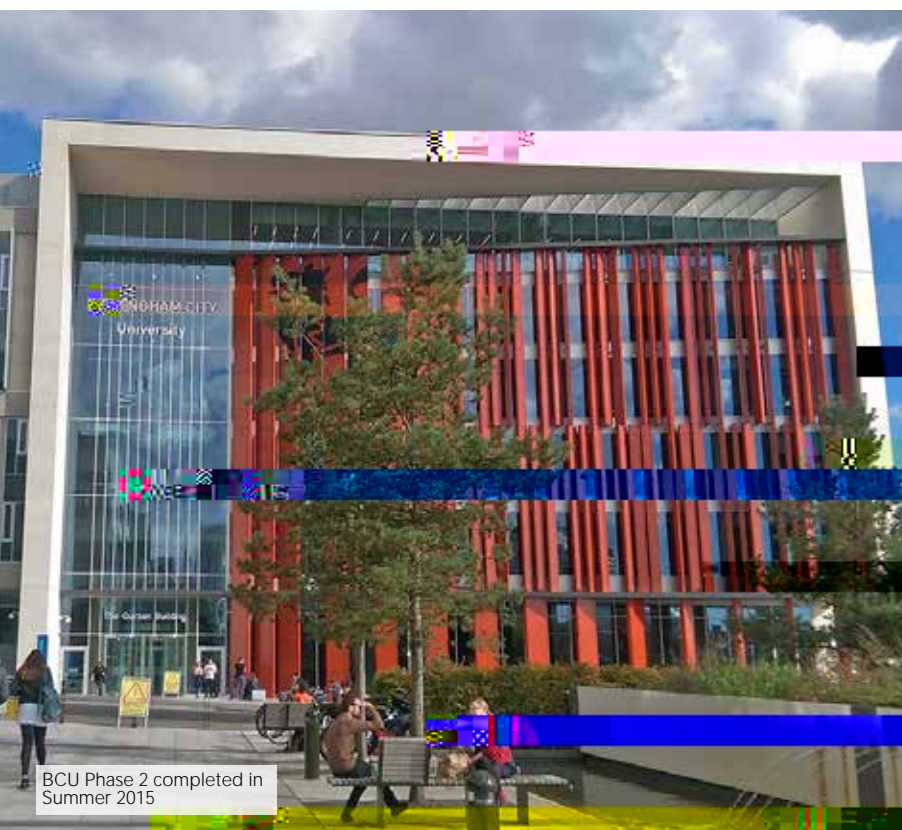


Demolition of 103 Colmore Row underway



Measurement	Cumulative Total (as at October 2015)	Target
Number of new employment positions filled.	1,179	2015/16 - 2,508 2022/23 - 21,800 2037/38 - 40,000
Number of new enterprises.	16	-
Amount of land developed or redeveloped (ha).	2.78ha	2037/38 - 68ha
New floorspace created (gross internal area in sq.m - new and refurbished).	117,169sq.m	2015/16 - 102,843sq.m 2022/23 - 618,000sq.m 2037/38 - 1,385,000sq.m
Uplift in Business Rates (per annum - forecast).	£64.0m	2022/23 - £51.7m 2037/38 - £134.7m
Private Sector Capital Investment.	£287.4m	2022/23 - £1,039m 2037/38 - £2,205m
EZ Investment Programme Capital Expenditure (forecast).	£54.9m	2022/23 - £261.1m

Table 1 EZ measure of success (October 2015)



The financial strategy for the EZ is set out in the Enterprise Zone Investment Plan (EZIP).

The principle of the EZ is about investing in projects identified in the EZIP, which are ultimately funded by the expected income they will generate through the uplift in business rates.

In addition all business rates growth generated by the EZ is retained by the GBSLEP for 25 years to reinvest in local economic growth.

EZ Income

Aligning with the update report produced in March 2015, the current forecast in the graph below shows that business rates income will generally be lower than estimates from the Investment Plan (2014) most notably between 2017/18 to 2019/20 (£13m).

The forecast reflects the latest information available on expected completion dates of development and amount of business rates income they will generate. This is subject to monthly change and is a continuously fluid process.

The amount of income forecast has been affected by a number of factors; only part of floors coming forward when whole floors were expected, development taking longer to come forward than expected and the amount of time it takes for business rates assessment to be undertaken, which delays the receipt of the income.

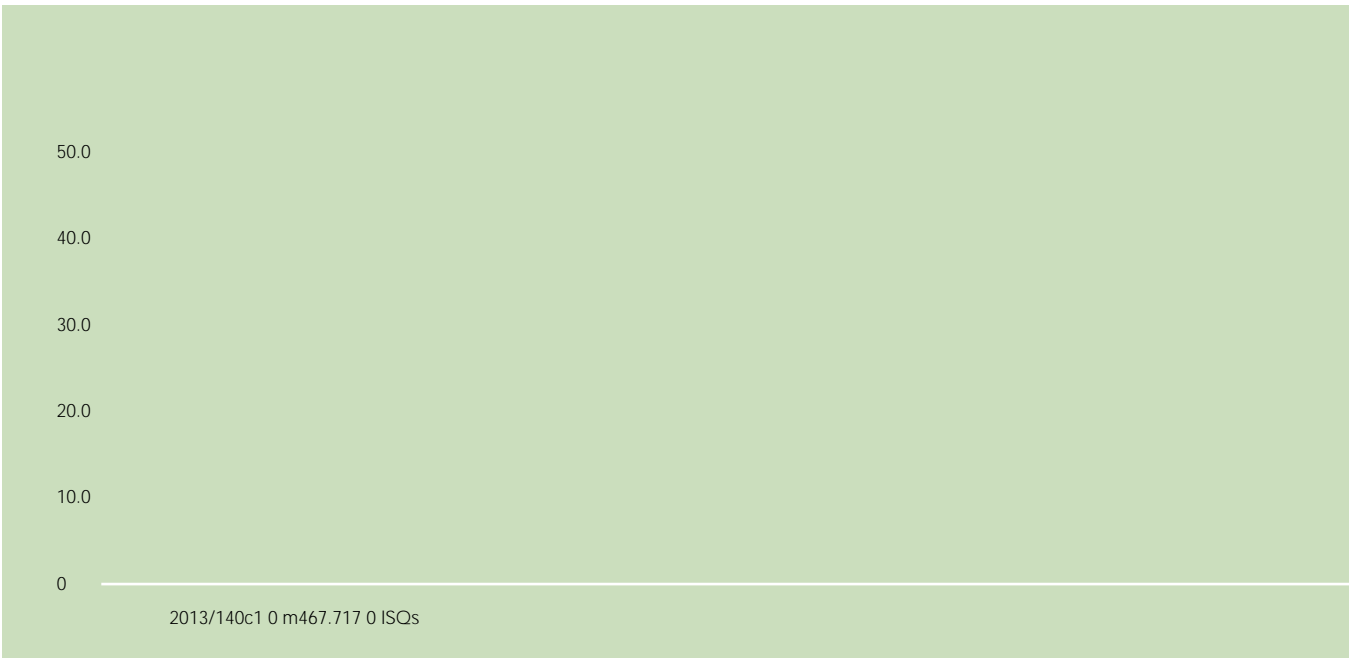
The rateable value for a building can also only be forecast based on intelligence on similar buildings. It is not until the actual rateable value, which affects the amount of business rates an occupier pays, is issued by the Valuations Office Agency (VOA), can the correct figure be known.

Whilst officers within Planning and Regeneration and the Financial Services are working closer with the Business Rates Team to share information, meetings and discussions have also been undertaken with the VOA in regard to how their process of rating a building works.

The EZ includes many large and bespoke new buildings. This makes the valuation process more difficult, with the VOA sometimes having to utilise specialist teams or entering into lengthy communications with occupiers to gather the necessary information to assess the business rating and give the correct value.

Table 2 provides an update on the forecast figures for 2015/16 for business rates income where actuals are likely in this financial year. Additional income secured in 2015/16 above that already being attributed to the EZ, is £1.17m with a further £0.92m expected from 6 more committed sites.

Whilst the amount of income is less than that forecast in the EZIP, however the programme remains affordable. There are still many sites committed for 2015/16 that will add to the secured income. As reported in the Site Progress section the next 2-3 years will see many new sites, such as Arena Central, come forward to create an increase in business rate income.



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A detailed site schedule is maintained on the progress of sites to understand how business rates income can be treated within the EZ financial model (using categories of Secured, Committed and Uncommitted). This is reviewed on a quarterly basis and with the information from the VOA on the valuations process; this current model will be updated to build in more time for income to be classed as secured.

Whilst the programme remains affordable for 2015/16, the more important analysis remains for the period 2016/17 through to 2019/20, where expenditure needs to be controlled within the income generated through the business rate uplift.

Maintaining the affordability of the programme for these years is dependent on sites completing. In

EZ Business Plan March 2015

Project	EZ funding	EZIP	Business Plan
Centenary Square.	£0.083m	Infrastructure.	29/04/2015
Metro: Complimentary Highway Works (early implementation works).	£0.080m	Infrastructure.	29/04/2015
Metro: Full Business Case.*	£18.65m	Infrastructure.	26/05/2015
SDAF: Junction Works.	£0.38m	Direct Site Investment.	26/06/2015
Centenary Square.	£0.200m	Infrastructure.	26/06/2015
Metro: Complimentary highway works.*	£2.70m	Infrastructure.	28/09/2015
Occupier Study Research.	£0.097m	Business Development and Support.	28/09/2015
Relocations package.	£0.5m	Business Development and Support.	28/09/2015
SDAF: Eastside Locks.	£2.45m	Direct Site Investment.	28/09/2015
Birmingham Smithfield.	£0.300m	Site Access and Development.	02/11/2015

* Due to bringing LGF funding forward ahead of EZ borrowing, the Centro and Complementary Highway Works (CHW) projects have seen a funding swap of £2.7m. Centro can bring £2.7m of Local Growth Fund forward earlier than CHW and therefore the Metro funding of EZ finances has been reduced from £18.65 to a total of £15.95 with an allocation now made to CHW of £2.7m.

