

# Birmingham City Centre Enterprise Zone

## Progress Report

October 2015 to March 2016

### 1. Executive summary

- 1.1 The Birmingham City Centre Enterprise Zone (EZ) was founded in 2011 to encourage business growth, investment and the creation of jobs. It is a mix of 26 designated sites across the centre that allows for the pro-active development of these sites; unlocking key development opportunities, consolidating infrastructure, with potential to attract and create new businesses and new jobs quickly. This is in addition to supporting existing businesses in the EZ, removing barriers to private sector investment and growth through supporting businesses with reduced burdens, particularly in terms of lower tax levels, planning and other regulatory and administrative burdens.
- 1.2 In addition all business rates growth generated by the EZ is kept by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and Birmingham City Council (BCC) for 25 years to reinvest in local economic growth.
- 1.3 To support this EZ aspiration in 2012, and updated in July 2014, the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) approved the EZ Investment Plan (EZIP) to support early intervention in the City Centre infrastructure to accelerate growth and help unlock EZ sites for development. The 2014 EZIP covers the period 2013/14 to 2022/23 with an allocation of £275m.
- 1.4 As part of the approved EZ Governance arrangements, there is a requirement to provide the LEP Board with reports on the progress of delivering the EZIP every 6 months. The update for the period October 2015 to March 2016 is set out in this document.
- 1.5 Since October 2015 the EZ has continued to make effective progress delivering development sites and supporting infrastructure. Demolition is continuing with Paradise; planning has recently been submitted for Centenary Square; Centro have received the approval to the amended Transport and Works Act for the extension of Metro to Centenary Square; site enabling works have started on the Wholesale Market site and a draft masterplan for Birmingham Smithfield has been launched. The Garrison Data Centre has achieved practical completion, with an agreement with a major tenant imminent; I-Centrum was launched in March 2016 with provision for flexible office space for digital businesses as well as incubator space for start-ups and collaborations; one of the City centre Pinch Point ring roads schemes, Bordesley Circus, has now been completed and Progress and investment in the Business Developm

2.2 The target for new jobs created for 15/16 is lower than forecast for the following reasons.

- HS2 not moving all their staff into their new space at Two Snow Hill at the same time, as had previously been forecast.
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In order to support the delivery of the masterplan, the EZ have funded a number of feasibility and technical studies in regard to: alleviating flooding challenges, the retail markets, stakeholder engagement, development viability, funding and delivery, highway design and infrastructure delivery. This work will continue into 2016/2017.

In 2016/17 following the public consultation, the masterplan will be adopted by the Council as its framework to guide future investment and planning decisions on the site. A delivery partner will then be sought for the scheme.

### **Direct Site Investment**

- This year has seen a number of projects progressing well. The Garrison Data Centre, a new data centre facility in Digbeth, has achieving practical completion, with an agreement with a major tenant imminent. Plans are in place by the owners for the second phase of the data centre with the intention for the development of an incubator-type facility in the former Argyle Works.
- On the Innovation Birmingham campus, i-Centrum was launched in March 2016. Whilst direct site investment funding was not in the end required, it provides flexible office space for digital businesses as well as the Serendip Smart City incubator for start-ups and collaborations in the EZ.
- The refurbishment of the Grade II listed Belmont Works at Eastside Locks has been progressing and will commence on site in summer 2016.
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Table 1 – EZ Measures of Success (March 2016)

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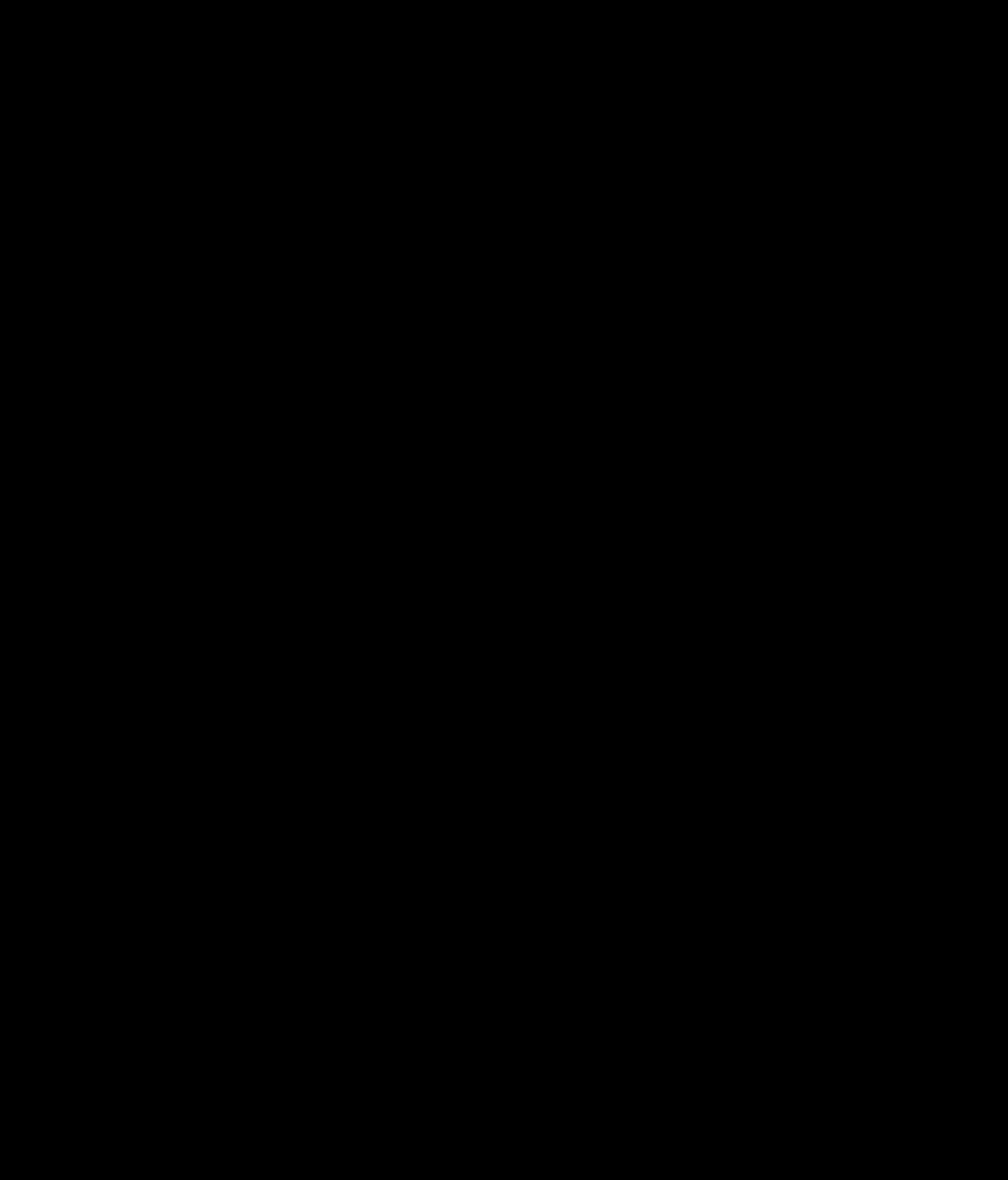
Measurement	Cumulative Total (asat March 2016)	Target
Number of new employment positions filled	1,691	2015/16 - 2,508 2022/23 - 21,800 2037/38 - 40,000

Building  
(Phase 1)

less than  
expected due

						shown in 16/17
Junction Works - Warwick Barr	Office	725sq.m	Uncommitted	£0m	£0m	Sold to HCA therefore scheme is on hold pending completion of Masterplan for the site
Aparthotel, Newhall Square	Aparthotel	7,765sq.m	Secured	£0m	£0m	Occupied by Staycity. Now confirmed - on Ratings List. Income will be shown in 16/17
iCentrum, Digital Plaza	Commercial: Incubator Space	4,097sq.m	Secured	£0m	£0m	Completion notice served April 2016. Ground and First Floor occupied.  Income forecast for 16/17
Garrison Data Centre, Great Barr Street	Refurbished industrial building to provide data centre	7,514sq.m	Committed	£0m	£0m	Completed May 16. Awaiting Occupation.  Income forecast for 16/17
K4 Architects (Warwick Barr)	Office Extension	190sq.m	Secured	£0.004m	0m	This site was not on the original site development list for 15/16 and has come forward earlier than forecast
<b>Total</b>				<b>£0.94m</b>		





## **6.2 Beyond 16/17: NewFuture committed sites**

In addition, to those schemes listed in tables 2 and 3, since October 2015 the following additions to the forecast EZ income are expected to come forward:

### **Three Snowhill (updated from October 15)**

Planning permission was granted in May 2015 for grade A office space, retail, leisure and associated parking. The preferred contractor has been secured and early enabling works have commenced in Spring 2016 with completion remaining on target for 2018

### **Beorma**

Planning permission has been granted in December 2015 for phase 2 of £200m scheme for the Beorma Quarter including proposals for Birmingham's tallest office-led building.

### **Arena Central**

A third building for the Arena Central development was unveiled in March 2016. A nine-floor office building h ilding i

## 7.0 Financial management

- 7.1 The financial strategy for the EZ is set out in the Enterprise Zone Investment Plan (EZIP)
- 7.2 The principle of the EZ is about investing in projects identified in the EZIP, but which are ultimately funded by the expected income they will generate through the uplift in business rates.
- 7.3 In addition all business rates growth generated by the Enterprise Zone is retained by the GBSLEP and BCC in the areas for 25 years to reinvest in local economic growth.

### 7.4 EZ Income

Aligning with the update report produced in October 2015, the outturn position in March 2016 showed business rates income being £2.3m<sup>1</sup> which was £3.4m lower than the projected figures in September 2015. As reported at the last update in October 2015 anticipated business rate income still continues to be forecast below the previous estimates from the Investment Plan, with £29.6m projected to be generated over the period 2016/17 to 2019/20.

- 7.5 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. However there is a continuous upward trajectory in income.
- 7.6 The amount of income forecast has been affected by a number of factors; only part of floors coming forward when whole floors were expected, and as noted in section 2, 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. Additionally, over the last six months a number of significant appeals e.g. £0.5m for Snow Hill in 2015/16, have occurred and this has impacted on the level of business rate income which was originally expected. 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.
- 7.7 Whilst officers within Planning and Regeneration and Finance are working closely 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.
- 7.8 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.
- 7.9 For 2016/17, the EZ Programme contains forecast income of £5.1m (as detailed in table 3), of which £4.8m is considered to be secured (notwithstanding potential appeals). Whilst income is projected to increase year on year it is not until 2020/21 that a significant step up in business rate income levels is seen, largely due to the Paradise Circus development.
- 7.10 Whilst the amount of income is less than that forecast in the EZIP, the programme still remains affordable. There are still many sites committed for 2016/17 and beyond that will add to the

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<sup>1</sup> This is income for the EZ from all years not just 15/16







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