

GREATER BIRMINGHAM & SOLIHULL SUPERVISORY BOARD

Thursday 7th December 2018 at 14:00
Committee Room 2, Council House
Victoria Square, Birmingham B1 1BB

AGENDA

	<u>PART I – OPEN ITEMS</u>	
	(Open to the Press and Public)	
1.	Welcome and Apologies for Absence By the current Supervisory Board Chair	
2.	Notes of the last meeting on 27th September 2018 and matters arising	Attached
3.	Growth Programme	Attached
4.	GBSLEP Governance	Attached
	PART II – EXEMPT ITEMS	
	Nil	

Greater Birmingham & Solihull Supervisory Board

27th September 2018 at 14:00 hrs

Committee Room 2, Council House, Birmingham

PRESENT

Cllr Mike Wilcox – Lichfield (chair)
Cllr Geoff Denaro – Bromsgrove
Cllr Richard Grosvenor - East Staffordshire
Cllr Brigid Jones – Birmingham
Cllr Bob Sleigh – Solihull
Cllr Marcus Hart – Wyre Forest
Cllr Matthew Dormer – Redditch
Cllr Steve Claymore – Tamworth
Cllr George Adamson – Cannock Chase

APOLOGIES

Clive Heaphy – Birmingham City Council

IN ATTENDANCE

Nick Page – Solihull
Andrew Barratt - Tamworth
Mike Parker – Wyre Forest
Diane Tilley – Lichfield
Andy O'Brien – East Staffordshire
Dean Piper – Cannock Chase
Tim Pile – GBSLEP
Katie Trout – GBSLEP
Katie Judge – GBSLEP
James Betjemann - Birmingham
Nick Glover – GBSLEP (notes)

1.	Welcome and apologies for absence
	The Chair, Cllr Mike Wilcox, welcomed the Supervisory Board and noted apologies for as above.
2.	Notes of the last meeting on 27th September 2018 and matters arising
	The notes of the last meeting were agreed as a true and accurate record.

95	RESOLVED: The minutes of the meeting on 27 th September 2018 were approved as an accurate record.
3.	Ratification of decisions taken by written procedure
	The purpose of the item was to note and endorse the decisions taken by the Supervisory Board by written procedure.
96	RESOLVED: The Supervisory Board: i Noted and endorsed the decisions of the 24 th July 2018, which were to note the progress made since the decision to fund the FDI Lead Generation activity in February 2017, and approve the expenditure of up to £50,000 to fund a second year; and ii Noted and endorsed the decision the 31 st August 2018, which was to note the approval of the capital grant of £500,000 (five hundred thousand pounds) allocation of Local Growth Funding (LGF) to the National Memorial Arboretum (NMA) for the delivery of the NMA New Events Building project. The approval was made by the LEP Director under delegated authority and in accordance with the GBSLEP Assurance Framework.
4.	Paradise
	The purpose of the item was to provide an update on matters related to the Paradise scheme, funded through the GBSLEP Enterprise Zone. An accompanying private report contained confidential financial information.
97	RESOLVED: The Supervisory Board: i Noted the report.
5.	Growth Programme
	The purpose of the item was to note a series of project approvals, provide completion reports on what had been achieved, and note that the programme management of the Enterprise Zone had been brought into the LEP Executive. In the discussion, it was agreed that the Executive should capture the impact on clear air and the potential for digital opportunities around key investments, as two key priorities related to the Local Industrial Strategy.

91	<p>RESOLVED:</p> <p>The Supervisory Board:</p> <ul style="list-style-type: none"> i Noted the current Local Growth Fund (LGF) programme status for forecast grant claims and outputs; ii Noted the current status with project LGF development and delivery, including change controls; iii Noted additions to the Growth Programme strategic pipeline; iv Noted investment decisions made by the LEP Director under delegated authority; v Noted the conditional approval of the University Station Interchange project; vi Noted the summary project completion reports; vii Noted the review of the Revolving Investment Fund; viii Noted the revised Terms of Reference for the Programme Delivery Board; ix Noted that the LEP Executive has now taken on responsibility for the Enterprise Zone (EZ) programme management and is undertaking a review of the programme; x Noted the proposed project assurance process for the EZ Digbeth High Street Public Realm Enhancement project; and xi Agreed that the Executive should capture the impact on clear air and the potential for digital opportunities around key investments
6.	Membership and substitute members for 2018/19
92	<p>RESOLVED:</p> <ul style="list-style-type: none"> i The Supervisory Board noted the updated membership of the Supervisory Board following the new appointments made by the nine Local Authority members' respective Authorities for the municipal year 2018/19.
7.	Any other business
	None raised.
	The meeting concluded at 14:08

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CHAIRMAN

Report to the Greater Birmingham & Solihull Supervisory Board

6th December 2018

Growth Programme Update Report

Recommendations

The Supervisory Board is requested to note the:

- current Local Growth Fund (LGF) programme status for forecast grant claims and outputs;
- current status with project LGF development and delivery, including change controls;
- additions to the Growth Programme strategic pipeline;
- LGF project investment decisions;
- approval of an increase of £1,500,000 of the conditional funding allocation to the Symphony Hall Extension project, following a change request;
- LGF programme has nearly allocated all available funding, but overprogramming of conditional funding allocations will continue in order to mitigate against project slippage
- review of the Revolving Investment Fund, including the agreed return of funds to the Local Growth Fund and the continued offer of loan funding to suitable projects;
- current Enterprise Zone (EZ) programme status for finances and outputs;
- forward plan of EZ project investment decisions;
- risk to reduced contingency due to forecast annual deficits and the actions being pursued to mitigate this; and
- progress with the EZ project health check commission.

LGF programme status

Pipeline and project delivery overview

1. Following intensive activity through stage gateways in Q4 17/18 and Q1 18/19, Q2 has seen more activity on preparation and review of project business cases. There were two additions to the programme in the past quarter (Burton Town Centre Regeneration and Flood Defence Improvements, and University Station) taking the total Local Growth Fund (LGF) projects to 61. Further details are provided in Appendix A and B.
2. A series of project case studies have been recently produced and featured in GBSLEP newsletters and added to the [GBSLEP website](#). Over the past quarter, case studies have been produced for Food and Drink Advanced Manufacturing Project, Life Sciences Park, Hoobrook Link Road, and the Motor Vehicle Centre for Advanced Automotive Training and Skills. There are now 15 project case studies that showcase the investments made through the LGF programme and the outputs that have been delivered.
3. There have been two additions to the strategic pipeline over the last quarter, following a strategic fit assessment of the Expression of Interest. These are: The Outpost (a creative technologies hub) and the Construction Skills for Work-Readiness project, both led by Solihull

College, which aim to provide facilities for targeted sector skills support. Further information is included in Appendix B.

4. The maturity of the strategic pipeline and competition for funding continues to increase. There are currently 15 projects with business cases under review or on the forward plan for submission. This represents a marked improvement on the depth and development of the pipeline compared to 18 months ago and places us in a strong position for accessing new funding opportunities. Work is currently underway to develop the outline of a funding strategy with a funding advisor.

Project investment approvals

5. The following project investment decisions have been made since the last meeting by the PDB or the LEP Director under the scheme of delegation:
 - Burton Town Centre Regeneration and Flood Defence project (East Staffordshire Borough Council) received Programme-Level Entry and conditional approval for £3,000,000 LGF capital grant towards total project costs of £33,900,000, following the independent appraisal of an Outline Business Case. The project was approved by the Programme Delivery Board via written procedure on 1st October. Further background information is included in Appendix C.
 - A38 Bromsgrove Major Scheme – Package 1 project (Worcestershire County Council) received Programme-Level Entry and conditional approval for £2,261,993 of LGF capital grant towards total project costs of £7,590,871, following the independent appraisal of an Outline Business Case. The project was approved by the LEP Director on 21st November. Further background information is included in Appendix C.
6. An update on progress with the LGF funding application for the Commonwealth Games project has been provided by Birmingham City Council. The update proposes a package of transport and infrastructure interventions and land assembly that can be delivered through LGF support. Full Business Cases for discrete interventions will be submitted for independent review by the LEP by the end of March 2019. Upon the conclusion of the independent review, the Programme Delivery Board will recommend a decision to the LEP Board.
7. The forward plan of project investment decisions is included in Appendix B.

Project Exceptions

8. The Symphony Hall Extension project (Performances Birmingham Ltd) received approval for an increase in the LGF conditional allocation of £1,500,000 by the Programme Delivery Board, following the independent appraisal of a change request. This approval increased the LGF conditional allocation to £6,000,000, subject to the availability of funding and satisfactory FBC. The increase in funding is to support contingency costs only. Further background information is included in Appendix E.

Programme finances

9. The end of Q2 forecast for LGF grant claims in 2018/19 is £38.35m, against an annual allocation from government of £19.3m, equating to being 200% overprogrammed this financial year. In total £8.81m of grant has been paid out already in 18/19, representing a marked improvement on performance compared to the previous financial year, and a substantial reduction in the risk of financial underperformance on the programme.

10. A review of the Revolving Investment Fund (RIF) has been undertaken. The review concludes that a loan option should continue to be provided alongside grant through the Growth Programme, to capture those projects that would not be eligible for loan funding offered by partner organisations, e.g. WMCA. It details the profile at which the funding is expected to be returned to the LGF programme over the 2018/19 and 19/20 financial years. The Board is recommended to approve both the returning of funds to the LGF programme and the continuation of a loan offer. Further details are included in Appendix E.
11. With the LGF programme reaching full allocation of available resources, funding commitments have been distinguished between conditional (typically made following an Outline Business Case) and contracted (as illustrated in Appendix A). Funding is only fully committed once a contract is in place and, until that point, any funding allocation remains provisional.
12. Given the lessons learnt on the programme to date, the risk of project slippage will be mitigated by overprogramming the conditional funding allocations. Project sponsors are made aware at conditional funding approval stage that it is subject to the availability of funding and an approved Full Business Case.
13. Contracted funding will only go up to the total value of the LGF fund (£186m). The risk of unused funding, due to individual project slippage or failure, will be mitigated by maintaining a series of developed projects with conditional funding allocations that are ready to proceed, should funding opportunities become available.
14. The projects with business cases under appraisal or on the forward plan amount to over £25m of new funding requests. While this far exceeds the availability of unallocated LGF resources (c.£6m), there is currently £47.87m funding that is only conditionally allocated at present, out of the total £180m funding allocated.
15. The PMO capital recharge protocol (previously referred to as PMO levy) has now been agreed by Birmingham City Council as the Accountable Body. This protocol means that costs and resource incurred in delivering capital projects can be charged to the relevant capital funds, rather than limited revenue funds, over the life of the programme.

Enterprise Zone programme

Capital project investment approvals

16. The Curzon Station Enhanced Public Realm Design project was conditionally allocated up to £600,046 to Birmingham City Council as Project Development Funding to progress the project up to Full Business Case. The Full Business Case is expected to be submitted to the LEP in December 2018 for independent review. Further background information is available in Appendix F.
17. The submission of the interim Full Business Case for the Digbeth High Street Public Realm Enhancement project is now expected to be submitted in February 2019. The delay from autumn 2018 is due to ongoing discussions between WMCA and Department for Transport regarding the operational date for the Metro Birmingham Eastside Extension scheme. As previously reported, the LEP will rely on the business case appraisal conducted by WMCA so to avoid duplication.
18. The Birmingham Smithfield Development project is now concluding the procurement process to appoint a development partner. Reaching this critical milestone in December will enable the

project to progress with the development of an Outline Business Case, which is anticipated to be submitted to the LEP in April 2019. A more detailed update and presentation is scheduled for the January LEP Board meeting, following the announcement of the development partner.

19. An update on the Paradise development project is covered elsewhere on the agenda.
20. The below provides an overview of the upcoming project investment decisions in the EZ programme:

Project Name	Provisional Funding Allocation (up to)	Stage	Status
Snow Hill Public Realm	£2.895m	FBC	FBC submitted October and under appraisal. FBC seeking both LGF and EZ funding. Investment decision at February Programme Delivery Board.
Curzon Station Public Realm	£40m	FBC	FBC to be submitted December and investment decision at January LEP Board, subject to independent review.
Digbeth High Street Public Realm	£15m	Interim FBC	Interim FBC to be submitted February 2019 and investment decision at March LEP Board.
Smithfield Development	£35.4m	OBC	OBC to be submitted April 2019 and investment decision at June LEP Board, subject to independent review. FBC submission expected September 2019.
Curzon Metro Stop	£9m	FBC	FBC expected to be submitted March 2019.
Southside Link	c.£6m	FBC	FBC expected to be submitted Q1 2019/20.

Programme outcomes

21. To date, since its creation the EZ, there has been £553m of private sector investment in the EZ area. This investment has resulted in over 200,000sqm of floorspace created, 59 business have relocated to the EZ area and 3,733 jobs created or relocated to the area.

Programme finances

22. The programme has to date invested capital expenditure of £115m and revenue expenditure of £10m, totaling £125m. The 2018/19 profiled project forecast expenditure is £21.6m capital and £5.2m revenue, including prudential borrowing costs of £2.5m.
23. As part of the programme monitoring, the EZ Accountable Body (Birmingham City Council) has recently been advised by the business rate teams of movements in both business rate income and forecasts. In line with the EZ financial model, forecast business rates income for 2018/19 after allowances for appeals, bad debts, etc., now stands at £1.242m.
24. This equates to a decrease of £862,830 in EZ resources since the previous September forecast, which has been caused by certain sites not completing by the date expected and business rates appeals.
25. The Enterprise Zone financial principle test stipulates that the percentage of prudential borrowing costs, as a guide, should be no more than 65% of the secured business rate income generated in any given year. Given this updated forecast, the percentage of prudential

borrowing costs committed against available in-year business rate income is at 198% and is therefore doesn't adhere to the principle.

26. Given the current planned expenditure and this reduction in income, there is at present a funding gap of £3,942,837 for 2018/19, and £1,992,667 in 2019/20. The picture is different from 2020/21 onwards, when the forecast income increases exponentially as more EZ sites complete and business rates income increases.
27. To mitigate against this in-year funding gap, the programme will be managed through the use of accumulated reserves held in contingency, along with a review of projects to identify where spend can be slipped into future years or reduced. A range of options for savings are being pursued, including: to defer capital (so to delay prudential borrowing costs) and revenue project allocations; and the capitalization of programme and Accountable Body staffing costs in line with current GBSLEP capital recharging protocol.

Programme review

28. An independent project health-check was commissioned in September to review the status of all appropriate live EZ capital projects. Following on from the inception meeting, a project health-check framework has been agreed with the consultant that will be used to assess each of the projects.
29. The framework covers key project success factors such as objectives, governance and management, financial management and control, deliverables, compliance and documentation. The desk based review of documentation is ongoing at present and meetings with individual project managers will be taking place over the next month.
30. The review is due to conclude at the end of November. A report will be prepared detailing the individual project assessments and will recommend any corrective actions that may be required to ensure that projects are delivering the agreed benefits within the agreed cost and timescales.
31. In addition to the project-level health-check, interviews are ongoing to appoint an interim Programme Director in November to lead on the broader programme and Programme Management Office (PMO) review. The review will aim to ensure that the PMO arrangements are designed to effectively manage both the Growth Programme (Local Growth Fund and Growing Places Fund) and the EZ, including determining the required resourcing levels going forward.

Conclusions

32. There continues to be improvement in project delivery across the LGF programme as can be seen by the relative financial performance to date compared to previous years. As the current available resources become fully committed to projects, there will need to be an increased focus on the priority projects to be developed and supported through future funding opportunities in the medium to long term. The health check of Enterprise Zone projects is underway and will conclude by December.

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Date: 26th November 2018

Appendix A – Growth Programme Level Key Issues and Strategic Risks – November 2018

Overall Programme Status (Current Key Issues)

Budget	Time	Benefits
<p style="text-align: center;">↔</p> <p>Growth Deal funding insufficient to deliver all projects we would ideally take forward. SEP Delivery Plans informing where to target resources to ensure we achieve greatest impact for the resources available.</p>	<p style="text-align: center;">↑</p> <p>Greater confidence in the accuracy of project delivery plans following ongoing testing through additional Programme Management Office (PMO) resource and PDB.</p> <p>LGF over-programmed to 200% in 2018/19.</p>	<p style="text-align: center;">↔</p> <p>With the exception of skills, and to lesser extent commercial floorspace, forecast outputs exceed original forecast. The ongoing comprehensive review of benefits indicates that the skills forecast is higher than previously thought, but the original target is unlikely to be met.</p>
<p>Actions in hand:</p> <ol style="list-style-type: none"> Pipeline projects being developed to Outline Business Case allowing other potential sources of funding to be identified and pursued. Exploration into options to provide greater support to develop pipeline projects in order to take advantage of current and future funding opportunities. Additional resource in place to prepare funding strategy for the strategic pipeline, including identifying projects for longer term funding opportunities. Additional LEP resources secured to support access to alternative funding streams. £7.7m successful bids supported so far. 	<p>Actions in hand:</p> <ol style="list-style-type: none"> Level of overprogramming for 2018/19 higher than previous years to reduce risk of any slippage. Revolving Investment Fund to be returned to the LGF programme to accommodate overprogramming and smooth out uneven financial profile through to 2020/21. Developed pipeline with competition for funding will enable re-allocation of funding from underperforming projects. Review of PMO in light of Enterprise Zone falling within remit. Will identify further improvements to support understanding of project delivery confidence. 	<p>Actions in hand:</p> <ol style="list-style-type: none"> SEP Delivery Plans identify priority interventions required to support the SEP ambition and targets. Review meetings held with all completed projects to commence testing of outputs and outcomes, following improved guidance provided to projects. Project evaluation guidance prepared as part of next phase of PMO improvements to support overall programme evaluation. Part of a LEP wide working group to review outcomes reporting and develop a consistent and proportionate LEP wide approach.

Financials

Financial Year	Previous Years	2017 /18	2018 /19	2019 /20	2020 /21	Total
Growth Deal allocation	£63.20m	£25.70m	£19.30m	£12.72m	£31.85m	£152.77m
Forecast Expenditure*	£63.20m	£23.26m	£38.35m	£20.81m	£33.54m	£179.16m
Variation	-	-£2.44m	+£19.05m	+£8.09m	+£1.69m	-
Level of overprogramming	-	91%	199%	164%	105%	-
Revolving Investment Fund**	£33.29m					
Growth Deal - conditionally allocated funding	£47.87m					
Growth Deal - contracted funding	£132.40m					
Growth Deal funding available for Strategic Pipeline***						£5.78m
Claims to date 2018/19						£8.81m

* Forecast expenditure does not include priority pipeline projects until a conditional allocation is made.

**RIF can be converted back to grant to cover any annual over allocation, if required.

*** This figure does not take account for conditionally allocated funding not proceeding.

Stage Gateway Progress

	Number of Projects	Proportion	Variation from Last Quarter
Total Funded Projects	61	100%	+2
Live Projects	31	51%	+2
Completed Projects	30	49%	0
Projects by Stage Gateways			
Completed Projects (Stage Gate 6+)	30	49%	0
Delivery (Stage Gate 5)	19	31%	+2
Contracting (Stage Gate 4)	4	6%	-1
FBC (Stage Gate 3)	5	8%	-1
OBC (Stage Gate 2)	3	5%	+2

Benefits

	Total Outcomes and Outputs				
	Public / Private contributions (£m)	Jobs created / safeguarded	Homes built	Commercial Floorspace (m2)	Learners Assisted (p.a.)
Total Forecast	397.5	25,744	10,251	470,722	6,214
Growth Deal Target	119.0	20,300	4,900	641,703	12,500
Variation	+139.2	+5,444	+5,351	-170,981	-6,286

Key Strategic Programme Risks

Risk	Status	Management response
Project development and delivery stalls due to lack of resources or internal support within project sponsors	<p style="text-align: center;">↑</p> <p>Historical slippage being overcome via continuous pipeline development and overprogramming in financial years and across the programme as a whole. Certain themes of project pipeline slow to progress.</p>	<ul style="list-style-type: none"> • Additional resource established within the LEP Programme Team to support project sponsors to develop and deliver projects • SEP Delivery Plans identify pipeline projects where the LEP will intervene to accelerate development with revenue funding • LEP project development funding being accessed by projects to progress from OBC to FBC • More rigorous assessment of deliverability has been adopted as part of revised project appraisal processes • Projects on strategic pipeline becoming more developed and increased competition for funding • Increased use of overprogramming enables easier switching of resources from stalled projects in future years
Poor programme management decisions are made due to a lack of accurate data on projects	<p style="text-align: center;">↔</p> <p>Manually operated data management systems are time consuming and create the potential for errors in the processing of information from highlight report to management system to report</p>	<ul style="list-style-type: none"> • Additional resource recruited into the LEP to more proactively assess project information • PDB 'Star Chambers' review projects that are assessed to be a higher risk of not proceeding to plan • PMO improvements in place and PMO review will identify further opportunities over Q3/4 18/19 • New project monitoring, change request, completion and evaluation forms are providing more relevant data • New Programme Management System (PMS) to enable improved data management and reporting to be explored in Q4 18/19

Appendix C – LGF Project Investment Decisions

Programme-Level Entry Decision – The River Trent in Burton: Town Centre Regeneration and Flood Defence Improvements

Purpose

The project investment report is provided to Supervisory Board members as further background information on a decision made under delegated authority.

Recommendations

The Supervisory Board is requested to:

- Note the approval by the Programme Delivery Board of Programme-Level Entry and conditional allocation of £3,000,000 (three million pounds) of Local Growth Fund (LGF) capital grant to East Staffordshire Borough Council for the delivery of The River Trent in Burton; Town Centre Regeneration and Flood Defence Improvements project. This is in accordance with the LEP Assurance Framework following the submission of an Outline Business Case and its Independent Technical Evaluation.

Background

1. The Environment Agency has had an Outline Business Case (OBC) for the flood defence element of the project appraised and approved by its Large Projects Review Group allocating £26,621,000 (twenty six million six hundred and twenty one thousand pounds) capital and £4,305,000 (four million three hundred and five thousand pounds) revenue to the project. This OBC has followed green book guidance and detailed the preferred option based upon nationally recognised detailed hydrological modelling and subsequent economic analysis of construction options.
2. Expressions of Interest (EOI) for LGF were submitted by East Staffordshire Borough Council for Burton Town Centre Regeneration and the Environmental Agency for the Flood Defence Improvements scheme separately. The LEP Executives saw the potential benefits of a joint project and worked with East Staffordshire Borough Council and the Environmental Agency to collaborate on a combined scheme for the area. In August 2017, East Staffordshire Borough Council submitted an Expression of Interest for The River Trent in Burton; Town Centre Regeneration and Flood Defence Improvements project to GBSLEP for £2,750,000 (two million seven hundred and fifty thousand pounds) capital grant. The project was assessed as a 'B' strategic fit against the Strategic Economic Plan (SEP) in September 2017.
3. The Outline Business Case (OBC) was submitted to GBSLEP on the 26th April 2018 seeking £3,000,000 (three million pounds) LGF contribution from a total project cost of £33,900,000 (thirty three million nine hundred thousand pounds). The increased funding request has resulted from ground investigation works for detailed hydrological modelling, subsequent economic analysis of construction options and scope of the project.
4. The preferred option in the OBC for LGF combines this with improvement plans for the surrounding Washlands area to improve access and reduce severance of the Town Centre. An independent evaluation of this OBC was conducted in May 2018 and as a result of the evaluation supplementary information was requested to provide further information on the

project. This included a Benefits Realisation Plan, Net Present Value calculation, clarification of contractual issues, governance, assurance and monitoring and evaluation costs.

5. At the Programme Delivery Board 17th May 2018 it was agreed that given the anticipated timing for submission, mid-September, to receive the OBC recommendation for the Burton Town Centre Regeneration project via written procedure.
6. The supplementary information was received during July and August 2018 providing the requested information and the final OBC was submitted on 5th September 2018. This OBC now provides sufficient information for Programme-Level Entry and is recommended for approval of a conditional funding allocation subject to submission of a satisfactory Full Business Case and funding availability. This process is compliant with the GBSLEP Assurance Framework.
7. The GBSLEP Programme Delivery Board approved Programme-Level Entry and the conditional allocation of funding on 1st October 2018. The project has since been invited to submit a FBC, which will need to demonstrate the full economic benefits of the preferred combined option including the enhanced environmental asset and improved connectivity. The submission of the FBC should be submitted to the GBSLEP no later than Quarter 1 2019/2020.
8. The detailed governance structure is being finalised and the Environment Agency and East Staffordshire Borough Council will engage in a collaboration agreement with a Partnership Board to oversee the project. It is recommended that a condition of approval is GBSLEP membership on the Partnership Board.

Case for Change

9. The GBSLEP SEP delivery plan supports regeneration and development in towns and local centres this includes; strengthening local cultural and environmental assets. The Burton Town Centre Regeneration and Flood Defence Improvements project will update and improve 3.7km of the flood defences for Burton Town Centre and transform 6km of flood plain area known as the Washlands into an environmental and cultural asset. The aim is to provide a community amenity and attract visitors to the area who will also visit the Town Centre through improved connectivity.
10. Burton town has over 7,000 properties at risk of flooding, with 9.6km of defence walls and embankments providing protection to the town from the river. The defences vary in age and quality with many reaching the end of their design life and therefore require updating to modern day standards to allow future growth, investment into the town and to eliminate a severance issue across the town. This is vital for economic growth as the flood defence will provide better protection to residential and non-residential properties and avoid damages of £356m. The project will support emerging housing development by mitigating the risk of flooding in the area and by improving access. It will assist in bringing forward land for housing and commercial development both in and around Burton.
11. There is a significant amount of open space around the river that runs through Burton, this is a functional floodplain known as the Washlands. This is currently underutilised as an environmental and cultural asset. It is proposed that a permanent wetland is developed in order to create a significant visitor attraction and create better links from the riverside to the town centre. The Washlands would be delivered through collaboration with a range of partners and the outcome would offer a wildlife habitat, green space, footpaths, public art, new and interesting play equipment and other attractions. Implementing a number of improvements along the length of the Washlands will transform a key area of vacant land for Burton town centre and create a public amenity asset and tourist destination.

Outputs and Outcomes

12. The Burton Town Centre Regeneration and Flood Defence Improvements project is expected to result in the following outputs:

Indirectly create or safeguard jobs as a result of the works incurred on the project	13,570
Indirectly enable the development of housing units	6,473
Properties with a reduced flood risk	5,654
Area of land with reduced likelihood of flooding as a result of the project (m ²)	3.7km

Additional benefits forecast by the project include:

- Improved connectivity throughout the town as a result of linking the forthcoming major mixed use development at Bargates through the Washlands and into the Market Place centre of the town. The link will provide enhanced walking and cycling routes which will in turn drive town centre footfall and increase opportunities for economic growth.
- An average Benefit Cost Ratio (BCR) of 13.3 delivering £356m of economic benefit through enhancing the public realm, environment and protecting homes and businesses from flooding. This is based on Government's Flood and Coastal Erosion Risk Management (FCERM) Manual for Economic Appraisal applied to the 1 in 200 year level of protection that the project will provide for Burton. NB; This BCR will be tested through development of the FBC to ensure it takes full account of the combined scheme and is calculated to reflect BCR for LGF and for full public support.

13. The final outputs attributable to the GBSLEP LGF investment will be confirmed at the FBC stage.

Funding Profile

14. Match funding has been secured and the scheme is expected to start construction January 7th 2019. The funding profile is set out below.

	2018/19	2019/20	2020/21	<i>Future years</i>	Total
Capital funding (£000s)					
Local authority				3,000 ¹	-
Environment Agency	2,810	9,569	9,161	5,081	26,621
GBSLEP LGF Grant funding requested		1500	1500		3,000
Total capital cost					29,621

¹ Phase 2 of Burton Town Regeneration Programme, year's tbc. Amount is indicative at this stage 3 of 4.

Revenue funding (£000s)					
Environment Agency				4,305	4,305
Total revenue cost					4,305
Total project cost	2,810	11,069	10,661	9,386	33,926

15. These figures, other than the LGF allocation (unless agreeable to GBSLEP), may be subject to final revision as part of further project development work required to progress to FBC submission.

Conclusions

16. The Burton Town Centre Regeneration and Flood Defence Improvements project will update and improve 3.7km of the flood defences for Burton protecting property and enabling further development. It also aims to turn the Washlands area into an environmental and cultural asset and improve connectivity to the Town Centre from surrounding areas. The Programme Delivery Board approved the Programme-Level Entry and the conditional allocation of £3m LGF capital grant funding for the Burton Town Centre Regeneration and Flood Defence Improvements project over 2019/20 and 2020/21.

Reviewed by: Wendy Edwards
Project Champion

Prepared by: Theodora Tsang
Project Support Officer

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Date: 07/09/2018

Programme-Level Entry Decision – A38 Bromsgrove Major Scheme – Package 1

Purpose

The project investment report is provided to Supervisory Board members as further background information on a decision made under delegated authority.

Recommendations

1. The Supervisory Board is requested to:
 - i. Note the Programme Level Entry approval by the LEP Director and conditional allocation of Local Growth Funding (LGF) of £2,261,993 (two million two hundred and sixty one thousand nine hundred and ninety three pounds) capital grant to Worcestershire County Council for the delivery of the A38 Bromsgrove Major Scheme – Package 1 project. This approval is subject to availability of funding, submission of Full Business Cases by the dates in this report and additional consideration and analysis in relation to the impact of the proposals upon sustainable transport modes.
 - ii. This decision is in accordance with the GBSLEP Assurance Framework following the submission of the Outline Business Case and its Independent Technical Evaluation

Background

2. The A38 Bromsgrove Corridor Major Scheme (the Scheme) was included in the 2016 Growth Deal 3 submission as part of the Breaking Down Barriers programme.
3. The Scheme comprises ten junction enhancements on the A38 corridor between junction 4 of the M5 to the north and its junction with the B4091 in the south. These works have been split into 5 packages. Given the overall cost and limited availability of funding the Scheme will be delivered in phases, Package 1 is the first phase and the subject of this report.
4. Package 1 of the Scheme includes improvements to the M42 Junction 1, the M5 Junction 4, and the A38 junction with Barley Mow Lane to provide additional capacity at existing pinch-points on the corridor. The proposed works differ at each junction but typically include carriageway widening, lengthening of approach lanes, creation of new lanes for turning traffic.
5. In November 2017 an Expression of Interest (EoI) for Package 1 was submitted to GBSLEP by WCC. At this point two options were under consideration;
 - I. Package 1a - GBSLEP funding request - £2.26 million
 - II. Package 1b – GBSLEP funding request - £5.49 million (Inclusive of Package 1a)
6. The Scheme was assessed as a B strategic fit and an Outline Business Case (OBC) invited for Package 1a only. Subsequently Package 1a became known as Package 1 with the additional works from Package 1b to potentially be picked up as part of future packages.
7. Given the geographical overlap of the project, the sponsor Worcestershire County Council (WCC) are requesting Local Growth Fund capital grant from Worcestershire LEP (WLEP) and GBSLEP as well as Highways England (HE) for Growth Housing Fund (GHF) and a section 106 contribution.
8. An initial Conditional Approval Business Case, the WLEP equivalent of the GBSLEP OBC (referred to as OBC going forward) was submitted in May 2018 however the overall costs had increased and

the proposed scheme was no longer affordable; HE worked with WCC over the summer to value engineer a revised scheme that delivered the same outcomes, at good value for money, within the funding envelope. A revised OBC was submitted in August 2018.

9. Post OBC, Package 1 will progress as three Full Business Cases relating to the three junctions in order of deliverability and time required to achieve detailed design, cost certainty and technical approvals.

Business Case Evaluation Process

10. In December 2017, it was agreed WLEP, as the major funder of the wider Scheme, would lead on the project including independent technical evaluation. GBSLEP will attend Worcester Local Transport Board (WLTB) at key points for consideration of outline and full approval and progress funding decisions in line with GBSLEP Assurance Framework.
11. Jacobs ch2m produced an Appraisal Specification Report (ASR) which was agreed with GBSLEP Programme Team in April 2018 to ensure the evaluation covered the assurance requirements of both parties. The ASR also aligned the evaluation to the requirements of the HE GHF application.
12. In August 2018 Waterman Infrastructure & Environment (WIE) commissioned by WCC undertook independent evaluation of the final OBC produced by Jacobs ch2m.
13. Subject to GBSLEP approval of this Programme-Level Entry and conditional allocation request, the project will be invited to submit a Full Business Case (FBC) for each of the three junctions. These should be submitted for Barley Mow February 2019, M5 Junction 4 September 2019 and M42 Junction 1 March 2020.
14. The Programme-Level Entry and conditional funding allocation was approved by the LEP Director under delegated authority on 21st November 2018.

Case for change

15. The A38 corridor has significant congestion with access to and from the M5 and M42 constrained due to limited capacity on the local road network particularly around Worcester and Bromsgrove. It has been reported through local planning work this is constraining housing and economic growth.
16. By addressing issues at key junctions the Scheme aims to relieve current congestion and support planned housing and employment sites, 7,000 homes and 28Ha employment land for Bromsgrove and 6,400 homes and 55Ha employment land for Redditch. The Scheme also aims to improve access to employment opportunities in Birmingham and the West Midlands via the motorway network.
17. Package 1 addresses the M42 Junction 1, the M5 Junction 4, and the A38 junction with Barley Mow Lane relieving some of the key pinch points and is the first phase of the wider Scheme. These junctions play a strategic role on the wider network and link the local road network (A38) and the motorway network. The improvements defined in the Scheme are identified as a priority within the Worcestershire Local Transport Plan (LTP) the Bromsgrove Development Plan and the Redditch Local Plan.

Outputs

18. The Outputs will be shared proportionate to funding between HE, WLEP and GBSLEP.

Output Description	Output quantity; Package 1 Total;
Commercial	16,000 sq m

floorspace	
Jobs	707
Homes	432

19. The scheme is assessed as High Value for Money (VfM) with a Benefit Cost Ratio (BCR) of 3.03.

Outcomes

Outcome Description
Reduced queue length and delays on the A38
Increased journey time reliability

Funding

20. Approvals secured:

- i. Package 1 of the Scheme received approval subject to contract for £2,684,000 for GHF from HE in Oct 2018
- ii. Section 106 of £1,341,547 has been allocated to Package 1 however this may not all be received prior to construction
- iii. WLEP approved £7.5m for the Major Scheme November 2018 of which £1.3m is allocated to Package 1
- iv. The Worcestershire Local Transport Board approved the Conditional Approval Business Case for WLEP 02 November 2018

21. Funding Profile

	Previous years	2018/19 (£)	2019/20 (£)	2020/21 (£)	Total (£)
Capital (LGF) GBSLEP		414,123	1,433,747	414,123	2,261,993
Capital (LGF) WLEP		458,501	266,115	579,621	1,304,237
HE GHF		250,000	2,028,119	404,975	2,683,094
Section 106	383,119	0	0	949,898	1,341,547
Total	383,119	1,122,624	3,727,981	2,348,617	7,590,871

Conclusion

22. The project aims to reduce congestion and improve journey time and reliability through efficiency of key junctions on the A38 corridor to enable economic growth across Bromsgrove and Redditch as the first phase of the Major Scheme.
23. The LEP Director approved Programme-Level Entry and the conditional allocation of £2.3m LGF capital grant funding for the A38 Bromsgrove Major Scheme – Package 1 project over 2018/19, 2019/20 and 2020/21.

Recommendation

24. The LGF allocation is conditional on:

- i. submission of three acceptable Full Business Cases at the dates stated; Barley Mow February 2019, M5 Junction 4 September 2019 and M42 Junction 1 March 2020;
- ii. availability of LFG capital funding; and
- iii. the Full Business Cases providing additional consideration and analysis in relation to the impact of the proposals upon sustainable transport modes.

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Date prepared: 08 November 2018

Reviewed by: Tom Fletcher, Acting Head of Delivery

Appendix D – Change Request: Symphony Hall Extension

Purpose

The project investment report is provided to Supervisory Board members as further background information on a decision made under delegated authority.

Recommendation

The Supervisory Board is requested to note the:

- approval of a change request for an additional £1,500,000 Local Growth Fund capital grant towards the delivery of the Symphony Hall Extension project, by the Programme Delivery Board. This increases the total conditional funding allocation to the project to £6,000,000, subject to a satisfactory Full Business Case; and
- conditional funding allocation will be for contingency related costs only and subject to the availability of Local Growth Funding at the time of request.

Background

1. Performances Birmingham Limited (PBL) submitted an Expression of Interest for the Symphony Hall Extension project in October 2016 as part of the Growth Deal 3 process. Having been assigned an 'A' strategic fit rating, the project submitted its Outline Business Case (OBC) in May 2017. The total project cost was estimated to be £12.5m, with a £4.5m LGF request to GBSLEP. The remainder was to be fundraised from Arts Council England, Heritage Lottery Fund and a fundraising campaign.
2. Following the independent technical appraisal, the OBC was approved by PDB in November 2017, with funding allocation conditional on submission of Full Business Case (FBC) in Q3 of FY 2018/19.
3. In April 2018, PBL applied for the £0.41m development funding to develop RIBA stage 3 designs; the development funding was approved and released to PBL in May 2018.
4. Having appointed a multi-disciplinary design team, the project refined the design for the extension which now contains a number of improved and expanded features, including a double height foyer that would provide additional space for performances. However these additional features increased the project budget to £13.2m; an increase of £0.7m.
5. At the same time, a change of funding priorities from the Heritage Lottery Fund resulted in the project not applying for the £2m HLF contribution.
6. PBL submitted a Change Request to GBSLEP Executive in August 2018, requesting that LGF contribution to the project is increased by £1.5m to a total of £6m. Due to the size of the change request, the decision lies with the PDB, in accordance with the GBSLEP Assurance Framework and change management policy.
7. The Programme Delivery Board considered and approved the change request for additional funding at its meeting on 8th November 2018. In addition to the conditions included in this

report, the approval was subject the confirmation of all match funding being in place and confirmation of how cost overruns will be treated (to be detailed in the Full Business Case).

8. As per the original plan in the OBC, the project aims to start on site in August 2019 and complete in August 2020.

Technical appraisal

9. Having received a change request from PBL, GBSLEP Executive engaged AECOM to undertake technical appraisal of the revised scope, outcomes and budget.
10. The analysis demonstrated that in comparison with the preferred option in the original OBC submission, the updated project scope will result in additional:
 - 271 sqm of employment floorspace
 - 179 sqm of learning floorspace
 - Up to £1m annual GVA
 - Up to 14 FTE jobs (direct, indirect and induced; over 30-year period).
11. The return on GBSLEP's investment is projected to be to £40.3 for every £1 invested under the option outlined in the Change Request, compared to £32.3 for every £1 invested under the previous preferred option as described in the OBC.

Funding

12. The combination of increased costs and a fundraising gap resulted in a £2.7m funding gap.
13. PBL continues to pursue its fundraising strategy. In line with the plans laid out in the OBC, in November 2018 it is submitting an application to Arts Council England for a £4.5m grant. A fundraising campaign seeks to raise a £1.5m contribution from a range of trusts, foundations, high net worth individuals and wider public, and has so far secured £0.85m towards this amount.
14. In addition to that, PBL secured £1m of prudential borrowing through Birmingham City Council and underwritten a further £0.18m through reserves.
15. Project budget currently includes a risk allowance of 10% within build costs. Further, a contingency to account for optimism bias (£1.14m) and a campaign contingency (£60.3k) are an equivalent of further 9% of the total project cost.
16. GBSLEP Executive is working closely with PBL to support its fundraising campaign.
17. The request for additional funding is currently considered affordable within the LGF programme. However, the strategic pipeline remains fiercely competitive for the limited resources available.
18. Should this change request be approved, it is recommended that the £1.5m contribution is conditionally allocated to the project as a contingency amount against confirmed costs and increased contribution from the fundraising campaign. This conditional funding allocation would be subject to LGF funding being available at the time of each request to access contingency.

19. The Programme Delivery Board approved the change request with the recommended conditions at its meeting on 8th November 2018.

Conclusion

20. Symphony Hall Extension is a strategically important project for a landmark Birmingham building which is critical to its sustainability and has a significant contribution to a thriving GBS area. The Programme Delivery Board approved an increase of the LGF conditional allocation for the Symphony Hall Extension project to £6m, subject to a satisfactory Full Business Case. Out of this amount, the additional £1.5m allocated following the August 2018 change request will be treated as a contingency.

Reviewed by: Tom Fletcher
Acting Head of Delivery

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Project Champion

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Date: 26th October 2018

Appendix E - Revolving Investment Fund Review

Recommendations

The Supervisory Board is requested to note the:

- review of the Revolving Investment Fund (RIF);
- approval by the LEP Board of the return of funds to the Local Growth Fund (LGF) programme to support project delivery over 2018/19 and 2019/20;
- approval by the LEP Board to continue to offer of loan funding to suitable projects; and
- targeted loan funds should be considered as part of future funding rounds, post-LGF.

Background

33. At their March 2017 meeting, the LEP Board agreed to establish the RIF as a pilot fund using the £33.3m financial slippage in 2016/17. The operational terms of reference were agreed with the Accountable Body and the principle was tested with Finance Birmingham (as managers of the WMCA Collective Investment Fund) to ensure consistency of approach with other recyclable funds. The minor financial slippage experienced in 2017/18 was transferred to the RIF, taking the total to £35.7m.
34. The RIF supports capital projects that contribute to the delivery of the Strategic Economic Plan (SEP) for the GBSLEP area. The RIF is designed to provide repayable funding solely to projects within the GBSLEP Growth Programme strategic pipeline, complementing the Local Growth Fund Programme (LGF) which provides grant support. Funding returned to the RIF is available for further investment in the strategic pipeline.
35. The fund is primarily focussed on the public sector in the form of repayable grant up to a maximum of £5m and is repayable within 3 years or by the end of the LGF programme, if earlier. The RIF is formally a standalone part of the Growing Places Fund (GPF) overseen by the PDB. Funding within the GPF is not ring-fenced, and comes with the single condition that capital allocations are spent on capital projects. This means that it can be managed in accordance with the requirements of the programme rather than the artificial constraints of Government financial years.
36. The RIF pilot was established with the understanding that monies would need to be returned to the LGF programme to use as grant, unless projects that experienced slippage in 2016/17 were not able to continue and withdrew. It was envisaged from the outset that this return to the LGF programme will be done in a controlled manner over the course of the next few years to smooth out the trough in the funding profile, most notably in 2019/20 when only £12m of LGF funding is available. Without this return of grant funding, it is likely that projects would stall and pipeline delivery would be delayed.
37. The principle of offering loan funding has been integrated into the Assurance Framework and Stage Gateway process. From the point of expression of interest to Outline Business Case, the suitability for loan and grant is tested with project sponsors. Finance Birmingham has been engaged to provide due diligence and ongoing support with the loan management.

Key findings

38. Despite initial interest from project sponsors, there has been limited uptake of the RIF over the previous 12-18 months. There are two projects (one public sector and one private) that are progressing through the Stage Gateways that would amount to £4.5m, with another project that is exploring the feasibility of loan rather than grant. Assuming these projects reach full approval, the repayment of loans could provide flexibility to accommodate any financial slippage into 2021/22 for priority projects, if PDB members felt it appropriate at that time.
39. A challenge to the uptake of loans has been the repayment period. This is restricted to when monies need to be returned to the LGF programme to support the delivery of the priority projects it was originally allocated to. LGF projects that previously experienced slippage are now delivering to realistic timescales. As a result, the need for funding to return to the LGF programme is concentrated in 2018/19 and 19/20.
40. Those public sector pipeline projects identified as being potentially suitable for loan funding did not fit with a 1-3 year repayment period, especially with longer term alternatives being available, such as Public Works Loan Board.
41. It is proposed that the monies in the RIF are returned to the LGF programme to support the delivery of grant funded projects in 2018/19 (£19.9m) and 19/20 (£15.8m) as per the following profile.

	2018/19	2019/20	2020/21	Totals
LGF - Government allocation	19.3	12.7	31.8	63.8
LGF - forecast grant expenditure (based on programme and pipeline)	39.214	50.874	42.364	132.452
RIF - funds returned to LGF	19.914	15.786	-	35.7
RIF - funds remaining	15.786	0	0	0

42. The actual profile to return to the LGF programme will be confirmed at the end of this financial year to reflect any variations to forecast between now and then.
43. It is recommended that a loan option continues to be offered to support those projects that are not within the scope of alternative loan funds, such as the WMCA Collective Investment Fund, due to location, nature of outputs or strategic rationale.
44. This loan option doesn't need to be distinguished externally to the project sponsor and can be seen as part of the Growth Programme (all funding programmes under the control of the GBSLEP). From an internal LEP and Accountable Body perspective, the loan offer will need to be done via the RIF or GPF as the terms of reference for the LGF relate to grant only at present.
45. Looking to the future, depending on future local economic growth funding from Government and demand for loan funding, the establishment of a ring-fenced, targeted loan fund programme should be considered. This could be established with a dedicated fund manager, as has been

with other funds. Alternatively options around pooling resources could be explored with strategic funding partners to avoid duplication.

46. Following recommendation by the LEP Executive and the Programme Delivery Board, the LEP Board noted the RIF review and approved the recommendations contained within at its meeting on 22nd November 2018.

Conclusions

47. The RIF pilot has had limited uptake from project sponsors, though the few projects that are progressing demonstrates that there is an opportunity for a loan funding option. It's therefore been agreed that the Growth Programme continues to offer loan funding to project sponsors and monies from the RIF are returned as grant to support the delivery of projects it was originally allocated to.

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Date: 29th October 2018

Appendix F – EZ Project Investment Decisions

Project Investment Report – Project Development Funding

HS2 Curzon Station Enhanced Public Realm Design

Purpose

The project investment report is provided to Supervisory Board members as further background information on a decision made under delegated authority.

Recommendation

The Supervisory Board is requested to note that the LEP Director approved the conditional allocation of up to £600,046 (six hundred thousand and forty-six pounds) of Enterprise Zone funding as Project Development Funding to Birmingham City Council to progress the HS2 Curzon Station Enhanced Public Realm Design project to Full Business Case stage. This was following the independent appraisal of the funding application and was made in accordance with the GBSLEP Assurance Framework.

Background

1. The Project Development Funding application seeks support to develop and appraise urban design proposals to support the design of the HS2 Curzon Station environment, which consists of four defined public realm projects: Paternoster Place, Curzon Promenade, Curzon Square, and the Canalside. These projects seek to enhance HS2 base scheme designs to ensure that the public realm created is in keeping with the ambitions of the Birmingham City Council (BCC) Big City Plan and the Enterprise Zone (EZ) Investment Plan (EZIP).
2. The project previously received £550,120 of Enterprise Zone funding to progress the project to RIBA Stage 2 designs. This work led by HS2 Ltd and concluded in September 2018.
3. This current funding request by BCC for £600,046 will progress project designs to RIBA Stage 3 full scheme design standard, provide independent appraisal of design costs to BCC and support Full Business Case (FBC) preparation. This will be sufficient to secure planning permission as part of the overall Curzon Station planning process led by HS2 Ltd. These designs will then be used to submit a FBC to the GBSLEP for Enterprise Zone funding to deliver the projects.
4. The RIBA Stage 3 work is scheduled to be undertaken over September – December 2018. All Curzon Station related design work must be completed by 5th December 2018 in order to meet the timescale for submitting a Schedule 17 planning application in February 2019.
5. Prior to progressing with the RIBA Stage 3 designs, HS2 Ltd require assurance that funding is in place for these enhanced design costs.
6. Following the conclusion of the RIBA Stage 3 designs, an FBC will be submitted to GBSLEP to request EZ funding to deliver the capital projects.
7. Further background details on the project are provided in the Appendix A (the project application form).

Context of project assessment and recommendation

8. At its July meeting, the LEP Board agreed that the responsibility for Enterprise Zone (EZ) programme management would move to the GBSLEP Executive and sit within the Programme Management Office (PMO) team. This move included alignment of the EZ programme with the GBSLEP Assurance Framework, most notably the stage gateway process for project funding

decisions. As a result of this change, the appraisal and approval process for EZ projects is changing.

9. However, there needs to be a transition to these new requirements for EZ projects to ensure that business doesn't reach a standstill, as there are clearly external dependencies and constraints.
10. At this stage of development, it would normally be expected that an Outline Business Case (OBC) would have been submitted in support of the Project Development Funding as it is progressing into a new stage gateway. This would be independently appraised across all five cases to provide an overall assessment of the eventual capital project to be implemented, rather than focussing principally on the practicalities of undertaking the next stage of design work.
11. Given that the project is within the EZIP and therefore is already considered part of the EZ programme, it is therefore able to apply for Project Development Funding, under the GBSLEP Assurance Framework. However, recognising that there isn't an OBC in place at present, and therefore more information than a standard light-touch Project Development Fund application is required, an Expression of Interest for the funding has been prepared by BCC to access the funding.
12. As a new scheme of delegation has been introduced for the EZ, this funding decision no longer needs to be made at EZ Executive Board level (now the Programme Delivery Board), as the LEP Director has delegated authority to make decisions on recommendations from the GBSLEP PMO up to the value of £2.5m. Any investment decision still needs to be reported to the PDB and LEP Board.
13. In accordance with the decision of the last EZ Executive Board meeting, and to ensure continuity of process during the transition period, it was recommended that the funding decision was made by the LEP Director in consultation with the EZ Executive Board Chair.
14. The Expression of Interest was submitted on 23rd August 2018. The request for funding was independently assessed and recommended for approval by Tom Fletcher, Acting Head of Delivery in the GBSLEP PMO, who did not have prior involvement in this project.
15. Following the approval of this request for Project Development Funding by the LEP Director, the GBSLEP PMO team will arrange for independent appraisal of the FBC, once received, in line with the HMT Green Book guidance. Given the indicative funding request for the project, this will require LEP Board approval.

Project funding request assessment - key issues and risks

Strategic

16. The project is part of Phase 4 of the forthcoming EZIP and recognised as a strategic priority for EZ support. Ensuring that the public spaces around the HS2 Curzon Station are of the appropriate quality will be key to creating the right feel in the Curzon area to support its regeneration.
17. Any enhancements to the HS2 Ltd base scheme design must be met by the local stakeholders. The Curzon EZ extension was very much established with projects like this in mind to make the most of the regeneration opportunities presented by the arrival of HS2.

Economic

18. Designs for each project have been developed up to a single option through RIBA Stage 2 work. This concluded in early September 2018. At present there is limited information around the anticipated causal benefits from the public realm intervention. The economic case and

value for money argument will be developed through the work funded through this funding request.

19. An independent full economic appraisal will be undertaken at FBC stage.

Commercial

20. As per the earlier design work, HS2 Ltd has been selected to manage the design work. There's a clear rationale around appointing HS2 to do this to ensure alignment with broader HS2 designs and timings.
21. BCC are also seeking to appoint a consultant to develop the FBC based on the RIBA Stage 3 designs and a cost consultant to monitor the designs, given the size of the scheme. Both will be using established procurement frameworks and is already underway. This work will be key to ensuring that the next stage gateway satisfies the requirements of the GBSLEP Assurance Framework.

Financial

22. The £600,046 funding to develop to project to FBC is already within the EZ financial model and is considered affordable. The costs are split between design work and associated fees (now confirmed at £500,046) and business case and cost consultants (up to £100,000 and may be reduced once procurements are completed).
23. At this stage, the Project Development Funding allocation is conditional upon the project proceeding and the capital works being delivered. If this weren't to happen, then the LEP could request repayment of the funding from the recipient (BCC), should we choose to do so.
24. Based on the RIBA Stage 2 preferred option cost estimates for the capital works, not all four projects can be delivered within the provisional £40m allocation. At present the Curzon Canalside project cannot be delivered through Enterprise Zone funding alone, but the application proposes to include it within the scope of the RIBA Stage 3 design and FBC.
25. Given the strategic importance of the Canalside project, there is merit in progressing with designs and business case development at this stage with a view to either reconsidering scope at FBC or identifying alternative funding sources. The principle of investing in project development to ensure that there is a pipeline of readily available projects for future funding opportunities has been endorsed by the Programme Delivery Board and LEP Board.

Management

26. All Curzon Station related design work must be completed by December 2018 in order to meet the timescale for submitting a Schedule 17 planning application in February 2019. WSP have confirmed that they can conclude the work by 1st December 2018 to align to these timescales.
27. Prior to the planning application submission, the project will need to reach FBC approval by January 2019 to meet these timescales. The FBC will be submitted in December upon completion of the RIBA Stage 3 work and then undergo appraisal. To reduce the risk of extended appraisal timescales, the LEP PMO's independent appraiser will engage early in the process with the BCC consultant preparing the FBC.

Conclusions

28. The LEP Director approved the conditional allocation of up to £600,046 Enterprise Zone funding as Project Development Funding to Birmingham City Council to progress the HS2 Curzon Station Enhanced Public Realm Design project to Full Business Case stage.

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Date: 28th August 2018

Updated: 25th October 2018 (following revised costs)

Item 3b - Growth Programme Project Overviews - November 2018

Local Growth Fund - Programme Financial Profile Summary (2015/16 - 20/21)

Project Title	Project Sponsor	Project Champion	Project Support	Stage Gate	Project Total			2015/16			2016/17			2017/18			2018/19			2019/20			2020/21			Programme Management				Update	Background (summary of project)
					Total Project Cost	Total LGF Grant Allocation	Total Match Funding	Agreed Grant (1)	Actual Claimed (2)	Variation (= 2 - 1) (3)	Agreed Grant (4)	Actual Grant (5)	Variation (= 5 - 4) (6)	Agreed Grant (7)	Actual Grant (8)	Variation (= 8 - 7) (9)	Agreed Grant (10)	Forecast Grant (11)	Variation (=)	Agreed Grant (1)	Forecast Grant (1)	Variation (= 7 - 8)	Agreed Grant (1)	Forecast Grant (1)	Variation (=)	Time	Benefits	Reputation	Cost		
Symphony Hall Extension	Performances Birmingham Ltd	Lada		2	12.532	4.500	8.032	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.408	0.408	0.000	0.000	0.000	0.000	4.092	4.092	0.000					Development funding claimed Q1 18/19. Funding gap of £1.5m identified due to HLF not proceeding. Change request seeking additional funding submitted and independently reviewed. Report with recommendations on change request to be considered by PDB in Nov for additional £1.5m conditional allocation. Minor delay milestones, including RIBA 3 and FBC submission.	A Growth Deal 3 project - Symphony Hall is one of the finest concert halls in the world. Presenting a world-class programme of music and education, it is a major cultural draw for Birmingham. The project will extend and re-model the Symphony Hall's public spaces to create a building that is economically sustainable, vibrant, and connected to the public realm.	
University Station	BCC	Lada		2	29.900	10.000	19.900	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	2.000	0.000	0.000	0.000	0.000	8.000	8.000	0.000					Development Funding Grant Agreement going through legals in Oct.	A Growth Deal 3 project - the project's vision is to "deliver a magnificent railway station that is welcoming, safe and heralds a gateway to a world class life science, hospitals and university campus providing an outstanding passenger experience, boosting the economy, enhancing heritage and connecting seamlessly into the wider integrated transport network". The project will deliver a category C station designed for the longer term capacity requirements (accommodating up to 10 million passengers per year). This will be supplemented by West Midlands Rail's investment in new trains and expanding the Cross City Line service to operate all 6-car trains in 2021 which will constitute a 30% capacity uplift.	
Commonwealth Games 2022	BCC	Tom		2	20.000	20.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.000	5.000	0.000	15.000	15.000	0.000					Awaiting further information.	A Growth Deal 3 project - provisional allocation of funding towards the infrastructure required for the delivery of the Birmingham Commonwealth Games 2022.		
Snow Hill Station (Public Realm)	BCC	Lada		3	9.900	4.660	5.240	0.326	0.326	0.000	1.300	0.000	-1.300	2.800	0.000	-2.800	0.230	1.890	1.660	0.000	2.444	2.444	0.000	0.000	0.000					Following extensive delays, FBC was submitted October 2018 and is currently undergoing independent appraisal. Financial profile will require a review in light of FBC proposal and will be invited to February 2019 PDB to provide re-assurance over future delivery.	The development will enhance the public realm at and around one of the city's key railway stations. The project will also deliver economic benefits to the wider Snow Hill district.
Kidderminster Railway Station	Worcs CC	Lada		3	5.295	2.407	2.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.407	2.407	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000					Increase in conditional allocation of 600K approved in May 2018. Three month delay in starting works and 1 month delay on completion. FBC appraised and at point of approval once final documentation is submitted.	The scheme will replace Kidderminster's inadequate railway interchange with a new facility. It will improve accessibility to the Wyre Forest for employment, health, education, leisure, retail and tourism including the Severn Valley Railway which is an important regional tourist destination.
Sustainable Urban Extension - Peddimore	BCC	Tom		3	8.760	2.720	6.040	0.310	0.310	0.000	0.000	0.000	0.000	0.500	0.000	-0.500	0.750	1.250	0.500	1.160	1.160	0.000	0.000	0.000	0.000					Project to be financed via other means and awaiting formal confirmation of no further funding being required. Will continue to monitor outputs and outcomes.	The Unlocking Birmingham Sustainable Urban Extension (SUE) package includes works at two locations adjacent to the proposed Green Belt SUE. These involve improvements to an existing five-arm roundabout and a new access junction for the developments. In effect, these two schemes will unlock and support accelerated economic growth at two major development sites east of Sutton Coldfield.
Burton Regeneration and Flood Defence	East Staffs BC	Wendy	Theo	3	33.900	3.000	30.900	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.500	1.500	0.000	1.500	1.500	0.000	0.000	0.000					FBC submission date is 31st June 2019.	A Growth Deal 3 project - the Project will be delivered as a collaboration between the Environment Agency and East Staffs BC and the components of the project will deliver improvements to flood defences for Burton and the regeneration of the adjacent Washlands area to create an environmental visitor attraction and create better links from the riverside to Burton town centre whilst also protecting homes and businesses
Making the Connections (Public Realm) - Development Funding	BCC			3	7.200	0.583	0.400	0.476	0.476	0.000	0.000	0.000	0.000	0.107	0.107	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000					Due to continued slippage, Exceptional PDB decision to withdraw funding. Development fund to remain available to develop FBC if required £476k already drawn down £116k still available BCC to confirm when required. Funding allocation changed to £0.592m to reflect this. FBC no longer expected and scope expected to be included within other projects.	To provide high quality connections to Southside (via Lower Hill Street), Mailbox (via Navigation St West) and Colmore Business District (via Lower and Upper Temple Street).
Lichfield Southern Bypass	Staffordshire CC	Wendy	Theo	4	17.347	2.300	15.047	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	2.000	0.000	0.300	0.300	0.000	0.000	0.000	0.000	0.000					Project approved by LEP Director with pre contract conditions in Sept 2018. Grant Agreement to be instructed in Oct.	A Growth Deal 3 project - construction of the final 0.67km of a 2.3km bypass linking two A-roads via a rail-underbridge (consented and possessions confirmed) and housing site distributor road. Delivery of the bypass within the Local Plan period is a key to City centre growth. The congestion relief provided by the bypass will help development sites come forward for housing and jobs and allow local highway and transport improvements to be delivered along the A5127 Birmingham Road Corridor.
Hybrid Vehicle Technology Training Centre	Solihull College & University Centre	Wendy	Lada	4	0.594	0.272	0.316	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.272	0.272	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000					July 18 - Final draft Grant agreement sent to Sponsor. Oct 18 - College is asking for more clarification on Grant Agreement leading to further delays.	A Growth Deal 3 project - equip the Hybrid Vehicle Technology Training Centre with new vehicles and appropriate tooling, as well as a new lab to create opportunities for the students to investigate and apply techniques relevant to autonomous vehicle operation and control. It aims to ensure the College's automotive and motor vehicle training facilities are updated reflecting emerging technologies and related skills gaps and enabling the development and take up of low carbon technologies.
New Manufacturing Engineering	South & City College Birmingham	Wendy	Lada	4	0.665	0.246	0.315	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.246	0.250	0.004	0.000	0.000	0.000	0.000	0.000	0.000	0.000					Oct 18 - Grant agreement finalised. Project made single claim of £245,703 with a remainder of £4,297 being returned to the Programme. Original grant amount of £250,000 has been reduced.	A Growth Deal 3 project - to support the establishment of a dedicated training facility for manufacturing engineering SMEs in the supply chains of major national and local companies, enabling them to obtain a supply of suitably qualified and skilled labour. Directly responds to shortages of skilled labour and provides opportunities for both young people and adults to enhance their engineering skills and safeguard and/or lead to sustainable employment. Promotes and support new apprenticeship opportunities in manufacturing engineering.
National Memorial Arboretum - New Event Space	National Memorial Arboretum	Lada		4	8.100	0.500	7.600	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.500	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000					Oct 18 - Grant Agreement to go to Legal	A Growth Deal 3 project - the NMA New Events Building project will construct a purpose-built 1,308sqm permanent event space which has the potential to attract major national events and generate additional income through corporate hire. Through this NMA will build a long term sustainable business model for the charity. The current visitor numbers stand at 300,000 per annum, the project will help drive additional visitor numbers and contribute towards the overall target of 480,000 by 2026.
Journey Time Reliability Improvements to Growth Areas Phases 1 and 2	BCC	Wendy	Lada	5	1.568	1.111	0.457	0.000	0.000	0.000	0.211	0.211	0.000	0.420	0.420	0.000	0.300	0.300	0.000	0.180	0.180	0.000	0.000	0.000	0.000					Final draft FBC submitted in July 2018, initial independent appraisal complete and seeking further clarifications in Oct. Phase 1 due to complete May 2019. Anticipating Phase 2 completion by March 2020	The project delivers a package of relatively small highway measures aimed at improving journey reliability. The scheme primarily aims to minimise delay at strategic junctions along primary routes across Birmingham, which aligns with the local, regional and national objectives, including those of GBSLEP. Improved journey times for a variety of modes will also improve the attractiveness of the area, unlocking economic stimulus and growth. Phase 2 preferred contractor identified Spring 2018, FBC submitted Sept 18. Works to be programmed for 12 months from spring 2019. Sites to be co-ordinated with other works eg BCR, Sprint.

Report to the Greater Birmingham & Solihull Supervisory Board

6th December 2018

GBSLEP Governance Arrangements

Recommendations

The Supervisory Board is recommended to:

1. Note the agreement by the LEP Board to a series of amendments and additions to the Assurance Framework (set out in paragraphs 14 to 20), in relation to the Enterprise Zone, Accountable Body arrangements, identification of decision-making bodies, the Supervisory Board, Joint Scrutiny Committee and Growth Programme processes; and
2. Note the agreement by the LEP Board to recommence the Governance Review that began in March 2018.

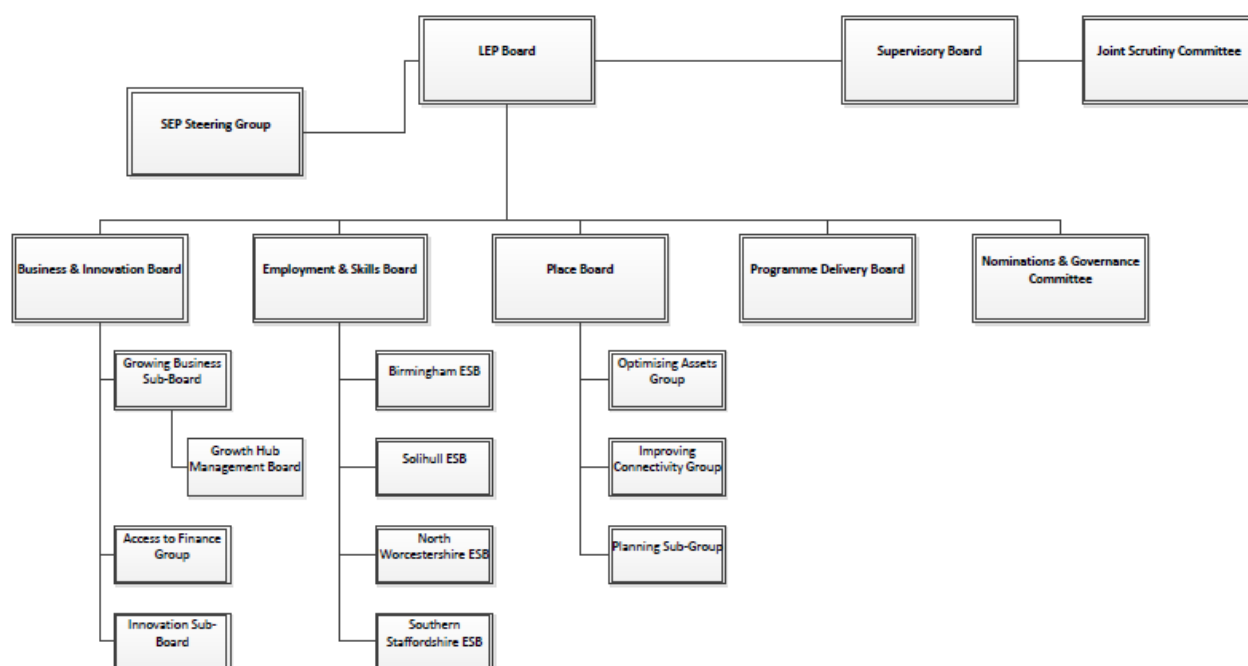
Background

3. The Annual Conversation was held on 11th December 2017 and provided an opportunity for Government and GBSLEP to discuss strategic and operational issues with Government.
4. During the week commencing 8th January 2018, GBSLEP volunteered to host the LEP Policy Unit and the Government Internal Audit Agency for the first pilot “Deep Dive” session (which all LEPs have now undertaken). The purpose of the session was to review GBSLEP’s governance arrangements and readiness for the forthcoming Best Practice Guidance.
5. The resulting recommendations for GBSLEP to address include:
 - a. Reform of the Enterprise Zone (EZ) governance arrangements
 - b. Changes to EZ project costs, spend, timetables and outputs to be approved by the LEP
 - c. Programme and project management arrangements for EZ projects, including monitoring, to reflect best practice in PPM, ensuring that the arrangements support effective and efficient delivery of the EZ
 - d. Any future Local Growth Funding for EZ projects to be on the basis of the independent appraisal of Green Book compliant business cases that demonstrate clear value-for-money
 - e. The development of a formal SLA between the Council and LEP which sets out the exact nature of the Accountable Body relationship
 - f. Refreshed assurance arrangements with roles and responsibilities with respect to scrutiny and assurance, including clarity of function and agreed terms of reference for both the scrutiny committee and supervisory board

- g. A new Governance structure which secures strong private sector influence at all levels of decision making, and simplifies the decision-making process and delegations, including a re-clarified sub-board structure with roles and responsibilities which are set out within the local assurance framework
 - h. Improved support for LEP Board Members and plans to achieve more diversity within LEP membership
 - i. Changes to the operation of the Programme Delivery Board to ensure change requests are dealt with formally and through a clear process, and that proactive challenges are made to projects reporting deviation from forecasts on a risk-based approach.
- 6. The Executive reviewed its Accountable Body arrangements and recommended to the Board at its meeting on 5th June that Birmingham City Council should remain as the Accountable Body. The recommendation included a “Joint Working Protocol” with the Accountable Body (specifically setting out roles, responsibilities and standards of performance for both GBSLEP and the Accountable Body as regards the investment and management of the Local Growth Fund). Recommendation **e)** above has therefore been addressed and needs to be codified in our Assurance Framework.
- 7. On 19th July, the Board agreed to integrate the EZ programme management, monitoring and performance management arrangements within the wider LEP programme management arrangements. Recommendations **a), b), c)** and **d)** above have therefore been addressed and need to be codified within our Assurance Framework.
- 8. In addition, over the course of the year, a number of changes to working practices have been agreed by the Programme Delivery Board but have yet to be codified in our Assurance Framework – including, for example, a change control process for capital projects. Recommendation **i)** above has therefore been addressed and needs to be codified in our Assurance Framework.
- 9. On 5th June the Board agreed to put the Governance Review (which had commenced following the Board’s approval on 21st March, with delegated authority to the Nominations & Governance Committee to oversee the work) on hold until the outcomes of the Ministerial Review of LEPs were clear. Since then, “Strengthening Local Enterprise Partnerships” (the LEP Review) has been published which includes a series of recommendations, many of which are governance-related.
- 10. Whilst it would be preferable to wait to review our governance arrangements and address **f), g)** and **h)** once the geography issues stemming from the LEP Review have been resolved, BEIS has recently confirmed that GBSLEP needs to address these issues before our next Annual Conversation in December, along with other recommendations related to the information available on the GBSLEP website.
- 11. The Supervisory Board is also asked to note that a further reiteration of the National Assurance Framework is due to be published soon, which will likely necessitate further changes to the Local Assurance Framework by the end of March 2019.

Key issues – Annual Conversation / Deep Dive actions

12. The revised Framework, which includes these changes, is included as **Appendix A**. The appendices have not been included here but are available upon request prior to or following the meeting. If approved by the LEP Board, the revised Assurance Framework will then be considered by the Supervisory Board. If noted by the Supervisory Board, it will then be made available on our website, along with the appendices.
13. GBSLEP's current governance structure was designed to support the delivery of the Strategy for Growth (2013) and with a smaller Executive team in mind. By the standards of other LEPs and best practice in corporate governance it is overly complex, with a high administrative burden.
14. Government has identified that the decision-making process could be made much clearer and tasked GBSLEP with resolving it. The Executive also recognises that the structure often conflates policy and strategy development, stakeholder engagement and decision-making, which presents challenges given the scheme of publication GBSLEP has agreed to adopt.
15. The current structure is set out below:

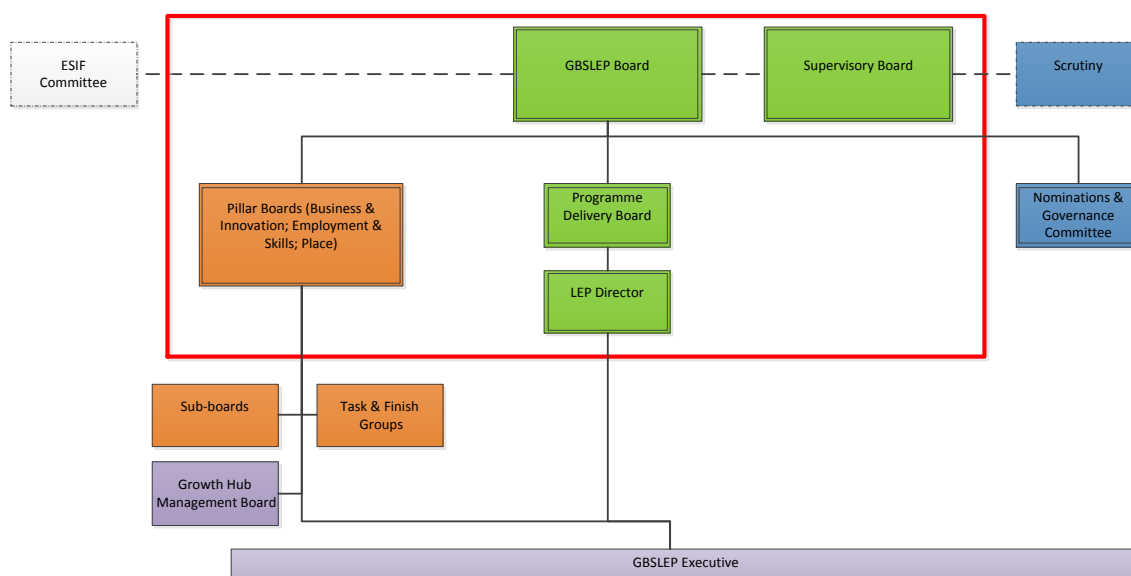


16. During spring 2018, GBSLEP reviewed the governance structures and arrangements in place at other LEPs locally and nationally with a view to embedding established good practice at GBSLEP. Given all the recommendations that need to be addressed within the LEP Review and the likely additional requirements that could stem from a new Future Operating Model, a full revision to the structure (to fully address **g**, above) is not proposed at this time. However, GBSLEP is required to address the following in order to comply with the requirements above:
 - Codifying the agreed integration of EZ programme management arrangements within our Assurance Framework (to address **a – d**, above). This is set out at paragraph 130 in the Appendix.

Item 4

- Codifying the agreed Joint Working Protocol in the Assurance Framework (to address e, above). This is set out at paragraph 93 in the Appendix.
- Clarifying which elements of the governance structure are covered by our Assurance Framework as decision-making bodies (i.e. the LEP Board, Supervisory Board, Programme Delivery Board), as opposed to those which are strategic / advisory / predominantly focussed on stakeholder engagement
- Clarifying the role of Supervisory Board and Joint Scrutiny Committee in our governance arrangements (to address f, above)
- Codifying agreed change management procedures for the Growth Programme within our Assurance Framework (to address i, above)

17. In order to address the third point and to partly address g, above, it is proposed that it is made clear which elements of our governance structure are key advisory or decision-making bodies and are therefore covered by our Assurance Framework, and by implication which are not:



Key

- = elements covered by the Assurance Framework
- = makes investment decisions
- = develops policy & strategy and makes recommendations
- = provides assurance and transparency on the administration of the business
- = makes operational decisions in accordance with strategy & scheme of delegation
- = reporting line
- .-.- = working line

18. The above is included at paragraph 5 in Appendix A.

19. Regarding the Supervisory Board and Joint Scrutiny Committee, the LEP Board agreed the following at its meeting on 22nd November 2018:

Item 4

- a. Retain the Supervisory Board, but amend the terms of reference and the Assurance Framework to set out the Supervisory Board's role more clearly, including revised quorum arrangements. The Executive's recommendation is that the Supervisory Board's role is clarified as taking "key decisions" as part of a "dual key" arrangement with the LEP Board i.e. it being specifically asked to note the decisions of the LEP Board.

That the Supervisory Board should be more clearly defined as being a part of the LEP's governance arrangements, as opposed to an external body, with its terms of reference, agendas and papers published on the GBSLEP website.

Quorum arrangements should be changed to being one member from either Birmingham or Solihull; one member from north Worcestershire; and one from southern Staffordshire.

The process for handling any instances where the Supervisory Board has declined to note a decision should be clarified. It is recommended that the Chairs of the Supervisory Board and LEP Board meet to discuss the report in question and agree a way forward, with recommendations being made to either the LEP Board or Supervisory Board as appropriate. Ultimately, no investment decision will proceed without the endorsement of the Supervisory Board.

This is set out primarily at section 113 in Appendix A. The revised terms of reference are set out in Appendix B.

- b. GBSLEP has recently agreed in principle a three-year work programme with the Joint Scrutiny Committee, with the intention of giving the Committee much greater insight into the LEP's priorities. The work programme is framed around the LEP's delivery plans, with a significant focus on a member-led process. The Executive recommends that the Scrutiny Committee retains a wider overview role (rather than simply scrutinising the decisions of the LEP Board and/or Supervisory Board). GBSLEP has made budgetary provision to support the Committee with the work programme, for example to call expert witnesses to enable them with lines of enquiry, and both the LEP and the Accountable Body are commissioning audits that could be reported to the Committee. In addition, the work programme requires the Chair of the Scrutiny Committee to submit an Annual Report to the LEP Board, reporting the evidence they have heard and any recommendations they wish the LEP to take account of as it develops its plans further. These changes mean that the Scrutiny Committee has been appropriately strengthened.

This is set out at section 117 in the Appendix.

Key issues – LEP Review

20. On 31st October, GBSLEP submitted its LEP Review implementation plan to Government. This included proposals to address a small number of recommendations that have not yet been met, including:

- c. Ensuring private sector membership makes up 2/3 of the Board by 1 April 2020

Item 4

- d. Ensuring at least 1/3 of the Board are women by 1 April 2020 (with equal representation by 1 April 2023)
21. It is also anticipated that further revisions to the LEP's governance structure will be required once the outcomes of GBSLEP's response to the LEP Review are clear, and pending agreement to the Future Operating Model.
22. In order to fully address recommendations **g** and **h**, above, The Executive therefore recommends that the Board agrees to recommence the Governance Review that began over spring 2018, and that the governance structure is reviewed along with the composition of the Board and a strategy to increase the Board's diversity.

Conclusion

23. This paper sets out the requirements on GBSLEP arising from the Annual Conversation and Deep dive, and makes a series of recommendations to address those requirements and the additional requirements arising from the LEP Review.

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Date: 28th November 2018

GBSLEP ASSURANCE FRAMEWORK

DRAFT

Version	Date
3.0	22.11.2018

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Introduction

This Assurance Framework is designed to give confidence to both local and national stakeholders that the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) has effective, transparent and accountable processes and procedures in place and that it will deliver value for money for the businesses and citizens of Greater Birmingham & Solihull.

It sets out the LEP's overarching role and structure, together with the governance structures for overseeing all programmes of work including the Growth Deal, City Deal, Growth Hub and Enterprise Zone.

The Assurance Framework is a live document, subject to annual review. We are always looking to improve our procedures and welcome feedback on how we could improve any aspect of our processes. Please address comments via email to gbstep@birmingham.gov.uk

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Summary of roles and responsibilities

More detail is provided throughout this document, but this section summarises the key roles and responsibilities of major actors in GBSLEP's governance arrangements.

The LEP Board

- Approving strategies and plans, e.g. the Strategic Economic Plan and the delivery plan
- Approving capital investments of £10m+, including programme entry, release of development funding and change requests within this level of delegation
- Approving revenue expenditure of over £100,000
- Approving the Medium-term Financial Plan, annual budget and annual report & accounts
- Approving appointments to the Board
- Approving changes to governance arrangements, including structure and Board composition
- Approving amendments and revisions to this Assurance Framework

The Programme Delivery Board

- Approving capital investments of between £2.5m and £10m, including programme entry, release of development funding and change requests within this level of delegation

The Pillar Boards

- Making recommendations to the LEP Board and its organs, including on the delivery plan and the strategic fit of projects, and approving applications for funding through e.g. ESIF

The LEP Director

- Approving capital investments of up to £2.5m, including programme entry, release of development funding and change requests within this level of delegation
- Approving revenue expenditure of up to £100,000

The LEP Executive

- Day-to-day operational administration and management of GBSLEP

The Supervisory Board

- Noting the key decisions of the LEP Board (and its organs) as set out above, including this Assurance Framework, and in doing so increasing the LEP's democratic accountability

The Accountable Body

- Holding funds on behalf of GBSLEP, ensuring those funds are used appropriately and that due process has been followed

The Section 151 Officer

- Acting as GBSLEP's Company Secretary
- Ensuring the LEP is compliant with the National Assurance Framework
- Ensuring the decisions of the LEP are compliant with this local Assurance Framework and relevant laws

The Nominations & Governance Committee

- Leading Board Director recruitment on behalf of, and making recommendations to, the LEP Board
- Leading reviews of governance arrangements on behalf of, and making recommendations to, the LEP Board

Company members

- Approving amendments to the Articles of Association

Governance & decision-making

Greater Birmingham and Solihull Local Enterprise Partnership arrangements

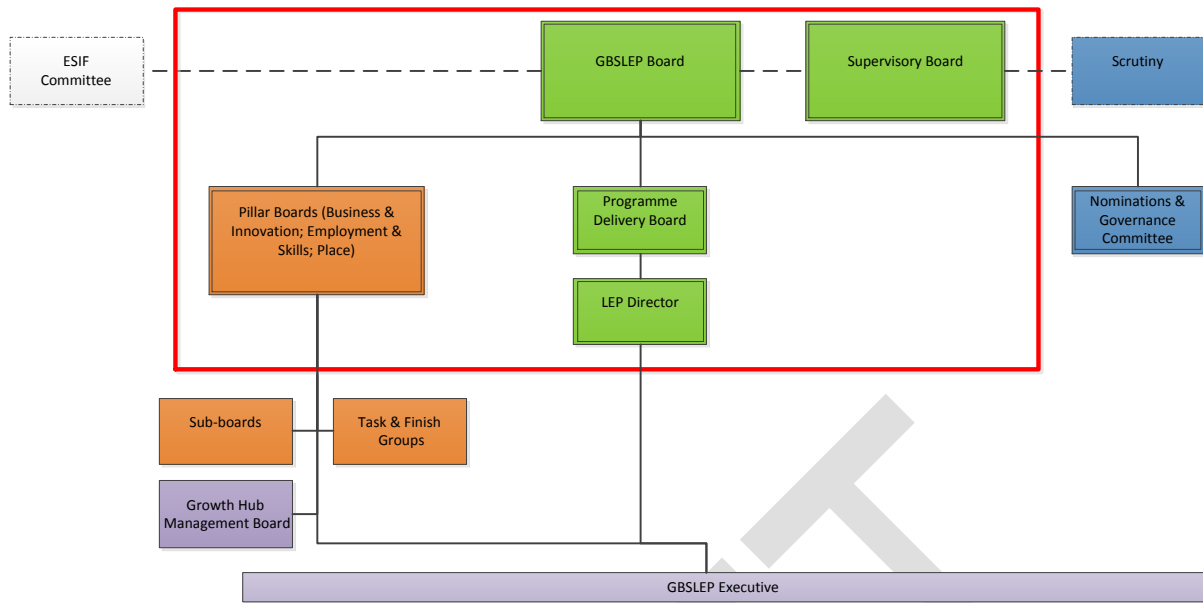
1. Greater Birmingham and Solihull Local Enterprise Partnership (“GBSLEP”, or “the LEP”) was constituted as a company limited by guarantee in May 2011. The LEP has a number of Company Members – the nine local authorities and six business representative organisation members (the Greater Birmingham Chambers of Commerce, the Herefordshire and Worcestershire Chambers of Commerce, the Federation of Small Businesses, the Engineering Employers Federation, the Royal Institution of Chartered Surveyors and the National Farmers Union).
2. The LEP’s Articles of Association are included as **Appendix 1** to this document

Geography

3. The LEP covers the geographical boundaries of the metropolitan boroughs of Birmingham and Solihull, and the districts of East Staffordshire, Lichfield, Tamworth, Cannock Chase, Bromsgrove, Redditch and Wyre Forest.

Roles & responsibilities

4. **Governance structure**
5. The current governance structure is set out below:



Key

- = elements covered by the Assurance Framework
- = makes investment decisions
- = develops policy & strategy and makes recommendations
- = provides assurance and transparency on the administration of the business
- = makes operational decisions in accordance with strategy & scheme of delegation
- = reporting line
- = working line

6. The LEP Board

7. The LEP Board has 19 Directors: ten from the business community, seven from local authorities, and one each representing further and higher education.
8. Business community representatives have been recruited with the aim of reflecting different sizes and sectors of commerce and industry, and the geography of the area. This includes a representative with responsibility for engaging with small businesses. Each of them leads on a particular LEP workstream, shown in the table below.

Private Sector	Public Sector
Chair Tim Pile	Birmingham City Council Cllr Ian Ward
Deputy Chair for Delivery Chris Loughran	Cannock Chase District Council Cllr George Adamson
Creative Industries	East Staffordshire Borough Council

Anita Bhalla	Cllr Patricia Ackroyd
Improving Skills Currently vacant	Lichfield District Council Cllr Mike Wilcox
Access to Finance Pat Hanlon	Solihull Metropolitan Borough Council Cllr Bob Sleigh
Growing Business and SME Champion Saqib Bhatti	Tamworth Borough Council Cllr Steve Claymore
Improving Connectivity Mike Lyons	Wyre Forest District Council (representing North Worcestershire authorities) Cllr Greg Chance
Optimising Assets and Enterprise Zone Champion Simon Marks	Higher and Further Education
Stimulating Innovation Matthew Rhodes	Sir David Eastwood Key Sectors (representing the GBSLEP universities)
Young People Sophie Drake	John Callaghan Solihull College & University Centre (representing GBSLEP's further education institutions)

9. Each of the Local Authorities in GBSLEP sends one representative to the LEP Board, with the exception of the north Worcestershire Districts (Bromsgrove, Redditch and Wyre Forest). Those three Districts select one representative between them, to represent their interests on the LEP Board.
10. In addition to the membership set out above, the Section 151 Officer of the Accountable Body is the Company Secretary of GBSLEP Ltd and attends the LEP Board in that capacity. The Company Secretary advises on the legal and financial propriety of decisions, but does not play a role in taking them.
11. Board Directors were initially given terms of office of one, two or three years (to ensure that not all Directors finished at the same time); however, all new Directors are given a three year term of office.
12. The Board meets six times per annum and meetings are generally hosted by local businesses. These meetings are held in private, but the agendas and minutes are made public.
13. The LEP Board is responsible for setting the LEP's strategic agenda and for making decisions regarding programme entry, and full approval, for projects seeking greater

than or equal to a £10m Local Growth Fund contribution. It has approved a series of delivery plans and also approves revenue investments that exceed £100,000; are of a highly strategic nature; or are not included within the delivery plans. Such decisions will be reported to the Supervisory Board.

14. The Supervisory Board

15. The Supervisory Board is a Joint Committee, comprising the nine local authority leaders (or other appointed members). Each local authority has sought the necessary approvals to delegate to the Joint Committee the economic development functions covered by the general power of competence contained in Section 1 of the Localism Act 2013.

16. The Terms of Reference for the Supervisory Board are included as **Appendix 2**.

17. Pillar Boards

18. The GBSLEP Board has established three Pillar Boards to provide strategic vision with respect to each of their areas:

- Business & Innovation
- People
- Place

19. Pillar Boards are charged with establishing the vision of the GBSLEP with respect to their Pillar and its Strategic Enablers, building upon and refreshing existing LEP strategies where they exist.

20. They will identify the strategy to be taken in pursuit of that vision and oversee its implementation through a series of delivery plans, putting appropriate measures in place for the monitoring and evaluation of those plans, and will ensure that key issues identified are addressed in future iterations of the strategy.

21. Pillar Boards act primarily in an advisory capacity, making recommendations to either the LEP Director, Programme Delivery Board or LEP Board regarding strategic priorities and investment decisions. They also make decisions regarding, for example, funding bids on behalf of the LEP.

22. To enable this, Pillar Boards are able to create enabling sub-boards and task & finish groups, and delegate to or commission work from them. In doing so, they will identify and support cross-cutting issues with other Pillar Boards and proactively identify external communications opportunities.

23. The Chair is appointed by the LEP Board and must be drawn from one of the private sector Board Directors.

24. Members of the Pillar Board include other private sector Board Directors as relevant, but are otherwise determined by the Chair.

25. The Terms of Reference and Memberships of the Pillar Boards are included as **Appendix 3** to this document.

26. Sub-Boards

27. Sub-Boards are commissioned by the Pillar Boards (or, in exceptional circumstances of cross-cutting activity, by the LEP Board) to focus on one particular strategic enabler, and are chaired by a private sector Board Director of the LEP Board.

28. The roles and membership of each Sub-Board is therefore determined by the Pillar Board.

29. Task & Finish Groups

30. Pillar Boards and their Sub-Boards have authority to commission task & finish groups as appropriate to deliver discreet packages of work in pursuit of the LEP's agenda. As task & finish groups, they will have defined outputs and their role will be limited to the delivery of those outputs.

31. Programme Delivery Board

32. The GBS Programme Delivery Board is charged with ensuring the delivery of the Growth Deal (Local Growth Fund and Revolving Investment Fund), Enterprise Zone, City Deal and Growing Places Fund programmes to help achieve the objectives of the Strategic Economic Plan.

33. The Programme Delivery Board is empowered by the LEP Board to grant full approval to projects seeking a funding contribution of up to £10m, and will report such decisions taken to the LEP Board and Supervisory Board.

34. The Membership and Terms of Reference for the Programme Delivery Board are included as **Appendix 4**.

35. The Growth Hub

36. Phase 2 of the Growth Hub, part-funded by ERDF, went live on 1 December 2016. It is run by a consortium of Birmingham Chamber of Commerce and Industry Ltd (BCCI), Aston University, Birmingham City University and GBSLEP. BCCI is the accountable body for the ERDF funding.

37. At the strategic level, partners are represented on the Growing Business Board. The Chair of the Growing Business Board reports progress to the LEP Board.

38. At the operational and delivery level, partners come together with local authorities, other universities and relevant business support organisations within the LEP area through the Growth Hub Management Board. The Management Board is responsible for making decisions regarding the day-to-day operations of the Growth Hub, in accordance with the agreed plans.

39. The Nominations & Governance Committee

40. The Nominations & Governance Committee has been established to lead on Board Director recruitment and oversight of the LEP's corporate governance. The Nominations & Governance Committee acts in an advisory capacity to the LEP Board, making recommendations on appointments and changes to governance arrangements to the LEP Board.
41. The terms of reference are included as **Appendix 5**.
- 42. The LEP Director**
43. The LEP Director has delegated authority from the LEP Board to grant full approval for projects seeking up to a contribution threshold of £2.5m, and will report decisions taken to the LEP Board and Supervisory Board.
44. The LEP Director will also be responsible for ensuring all LEP programmes are managed in accordance with the processes set out within this document.
- 45. The LEP Executive**
46. The LEP Board, its Board Directors and Sub-groups are supported by the LEP Executive Team. The LEP Executive was formed in May 2011 to support the LEP Board in the development and delivery of the LEP's agenda, including its Strategy for Growth and associated delivery plans. The Executive also provides day-to-day operational management of the LEP and provides a direct link between Birmingham City Council (as the Accountable Body) and GBSLEP.
47. Officers within the LEP Executive have delegated authority to spend revenue funding in line with Birmingham City Council's Constitution.
- 48. Commitment to diversity**
49. GBSLEP is firmly committed to promoting the principles of equality and diversity in all its services and operations, and has adopted the policies of our accountable body in this regard. The LEP is committed to ensuring private sector membership on the Board, and its various sub-groups, reflect the make-up of the local business community as far as possible and this is reflected in the diversity statement at **Appendix 6**.
- 50. Code of conduct**
51. GBSLEP has agreed a Code of Conduct based on the Nolan Principles of Public Life, which sets out how Directors and senior officers are expected to conduct themselves, and how they will register and declare their interests and the receipt of gifts and hospitality. See **Appendix 7**.
- 52. Cross-LEP working arrangements**
53. GBSLEP has put protocol agreements in place with both Stoke-on-Trent & Staffordshire and Worcestershire LEPs, which set out how we will jointly prioritise and manage projects (where applicable). Each of the protocols is included as **Appendix 8** and **Appendix 9** respectively.

54. Management arrangements for projects that are joint-funded by two LEPs will be set out on a per-project basis.

55. Furthermore, GBSLEP, in conjunction with Stoke-on-Trent & Staffordshire and Worcestershire LEPs, has developed protocol agreements to clearly articulate how projects in overlap areas will be prioritised for future rounds of Growth Deals.

56. Cross-LEP engagement

57. Cross-LEP working is a point of particular strength for GBSLEP and big strides have been taken over recent years in working with our neighbours to produce strong outcomes for the region.

58. The Chairs of the West Midlands LEPs (the Black Country, Coventry & Warwickshire, Stoke-on-Trent & Staffordshire, The Marches and Worcestershire) meet on a regular basis to discuss matters of regional importance.

59. Cross-LEP sub-groups also meet to focus on specific issues such as transport and access to finance.

60. West Midlands Combined Authority (WMCA) and Midlands Engine

61. GBSLEP is working with other members of the WMCA to make the West Midlands the best region in the UK to do business. The shared Strategic Economic Plan, *Making Our Mark*, sets out how we will use our combined capacity and devolution to go further and faster in enabling economic growth for the benefit of communities across the West Midlands.

62. GBSLEP has a defined role in the WMCA constitution, is a lead member in the Strategic Economic Development Board and is playing a leading role in the development of the West Midlands Local Industrial Strategy, with a particular focus on a number of key sectors and industries.

63. The Midlands Engine for Growth brings together ten LEPs, including GBSLEP, who with their local authorities, universities, businesses and other partners have come together to respond to the Government's economic and productivity challenges. The impact of this collaboration is to enable individual projects and programmes to make a greater impact as part of the wider Midlands Engine.

Transparent decision-making

Transparency and accessibility are of utmost important to GBSLEP. In this section, we set out how we make the processes, procedures and decisions of GBSLEP available to members of the public

64. Scheme of publication

65. The GBSLEP Board has agreed a scheme of publication which means that the agendas and papers of the Board, Pillar Boards and Programme Delivery Board (i.e. those parts of the LEP's structure that are involved in taking investment decisions regarding public money) will be published 5 clear working days before the meeting takes place. The decisions & actions will be published in draft within 10 clear working days of the meetings taking place, and in final form once agreed at the subsequent meeting. Any declarations of interest made at the meetings will be included in the decisions & actions.

66. GBSLEP may, from time to time, exclude papers from the public domain because they contain certain categories of confidential information. GBSLEP will approach decisions on which papers should not be published as if the rules in [The Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) and in particular under [Schedule 12A of the Local Government Act 1972](#) applied to it. Where papers are excluded from publication, a cover report setting out the decision(s) to be taken and the grounds for exemption will be published, and a private paper will be circulated to the Board.

67. The Supervisory Board will also publish agendas, papers and minutes. Those papers will include the decision of the LEP.

68. The Supervisory Board is a joint committee of local authorities and therefore the regime in the 2012 Regulations and the 1972 Act applies directly to it.

69. In adherence with the Local Government Transparency Code, any executive decisions taken by local authorities to deliver any elements of the Growth Deal will be published as a matter of course.

70. Freedom of Information and similar

71. GBSLEP is constituted as a company limited by guarantee and, as such, is not subject to requests made under the Freedom of Information Act 2000. Any Freedom of Information requests, Environmental Information Requests or similar requests received will be dealt with in accordance with the relevant legislation of the organisation to which the request pertains.

72. Any such requests should be submitted to Birmingham City Council as GBSLEP's accountable body.

73. Conflicts of Interest

74. GBSLEP's policy on registering and declaring conflicts and perceived conflicts of interest is set out within the Code of Conduct (**Appendix 10**). Each Board Director,

and the LEP Director, has completed a Register of Interests which is shown on our website. The Registers of Interests are refreshed every six months.

75. Gifts & hospitality

76. GBSLEP has adopted a Gifts and Hospitality Policy, the aim of which is never to create an obligation on either party as a result of hospitality, but that such occasions will be used to enhance our professional working relationships.

77. The policy is set out at **Appendix 11**.

78. Complaints and confidential complaints

79. GBSLEP has drafted a Complaints Policy for wider stakeholders, including residents on whom the delivery of projects may have a direct impact.

80. The Complaints Policy – which includes a distinct pathway for confidential complaints – is set out as **Appendix 12**.

81. Whistleblowing

82. Concerns from stakeholders, members of the public or internal whistleblowers will be addressed using the GBSLEP Whistleblowing Policy, included as **Appendix 13**.

83. Stakeholder engagement

84. From its inception, GBSLEP has sought to engage widely and in as much detail as possible with the businesses and citizens of Greater Birmingham & Solihull.

85. GBSLEP has agreed a Stakeholder Engagement Plan to this effect, which is included as **Appendix 14**.

86. Social value

87. GBSLEP is concerned with the wider financial and non-financial impacts of the interventions that it makes to the wellbeing of individuals and communities, social capita and the environment. We address this through the Birmingham Business Charter for Social Responsibility, included as **Appendix 15**.

Accountable decision-making

This section sets out the agreed systems and practices which support both the legal and financial responsibilities of the accountable body and the leadership role and democratic accountabilities of the Local Enterprise Partnership.

88. Accountable body

89. Birmingham City Council acts as the Accountable Body for GBSLEP's funding streams, including the Enterprise Zone, Local Growth Fund, City Deal, Growing Places and revenue funds (such as LEP Core Funding and the SEP Enabling Fund). As such, following the decisions of the LEP, the expenditure and defrayal of all funds will be made in accordance with the City Council's standing orders.

90. The Accountable Body will:

- Hold the Enterprise Zone financial business model, devolved funding (including Local Growth Fund, Growing Places and revenue funding allocated by Government) and the SEP Enabling Fund, and make payments in accordance with the decisions of the LEP Board, Programme Delivery Board and LEP Director, as endorsed by the Supervisory Board, ensuring that all funding agreements or SLAs are in place before any grant claims are paid, and that grant claims which do not contain all of the required information or adequate supporting documentation are not processed or paid until the appropriate details have been provided
- Account for these funds in such a way that they are separately identifiable from the local authority's own funds, and provide financial statements to GBSLEP as required
- Ensure that the decisions and activities of GBSLEP conform to legal requirements with regard to equalities, environmental, EU issues and other relevant legislation and guidance
- Ensure (through the Section 151 Officer) that the funds are used appropriately
- Ensure that this Assurance Framework is being adhered to by tasking the LEP Director with monitoring and reporting conformity of individual projects
- Maintain the official record of all GBSLEP proceedings and hold all GBSLEP documents
- Record the decisions of GBSLEP in approving projects
- Supply protocol and guidance in relation to transparency and audit to which GBSLEP will adhere
- Supply access to all associated documents

91. In cases where the Accountable Body is also the body promoting a project, the LEP Board will ensure that the promoting body's status as the Accountable Body does not put it in a more favourable position than any other promoting authority in the GBSLEP area.
92. The process set out within this Assurance Framework is sufficiently robust that it should provide the Section 151 Officer with the assurance required to release monies for projects awarded funding by GBSLEP. However, in the event that the Section 151 Officer believes the award of funding would not be appropriate, they will inform GBSLEP of their reasoning and where they believe the process has not been sufficiently robust. GBSLEP will then attempt to rectify the situation or withdraw the award. Ultimately, the LEP will not award monies to any project where s151 Officer believes funding would not be used appropriately.
93. GBSLEP and the Accountable Body have agreed a Joint Working Protocol, which sets out the roles, responsibilities and performance standards with regards to capital investments. The Joint Working Protocol is attached as **Appendix 16**.
94. Any funding award from GBSLEP will be subject to a cap and will require the promoting authority to be responsible for all cost increases post-full approval.
95. Consequently, a fully-quantified risk register must inform the final project cost, and promoters must develop a register that is proportionate to the overall scheme size and risk profile. The Risk Policy is included as **Appendix 17**.
96. Funding applications from scheme sponsors will only be considered if the application is supported in writing by the Section 151 Officer of the promoting authority (or, in the case of non-local authority schemes, by the Chief Financial Officer), thereby guaranteeing the local contribution to the scheme and signifying acceptance of all risk for cost increases.
97. Notice of funding award will be issued upon the granting of full approval. The LEP Director will notify the Accountable Body that full approval has been granted, and a funding award notification will be issued along with a funding agreement (see below).
98. Unless otherwise agreed at the contracting stage, funding for actual expenditure will be released by GBSLEP quarterly in arrears, and in line with an agreed funding profile. The Claims Policy is included as **Appendix 18**.
99. GBSLEP will require financial and delivery information to be provided as part of regular progress reports from each scheme sponsor. Progress reports will be measured against a set of agreed milestones, which will be set out in the full approval application and GBSLEP's funding offer. The Project Management Reporting Policy is included as **Appendix 19**.
100. GBSLEP will put measures in place to detect incorrect use of funds, misuse of funds or fruitless payments made by scheme sponsors.
101. GBSLEP will enable the recovery of any misused funds. It will also report any such instances in reports to the Government with an explanation of any remedial action taken.

102. In circumstances where the decision is taken by GBSLEP to withdraw funding from a project, the funding already released to that project will be subject to claw-back.

103. **Publication of accounts**

104. GBSLEP does not hold its own funds and submits 'nil' accounts to Companies House each year.

105. Whilst we do not hold our own funds, the LEP Board controls and directly oversees the expenditure of a number of funding streams, including several capital and revenue grants from Government as well as funding generated locally through the Business Rates Pool. Birmingham City Council acts as the Accountable Body for all of these funds.

106. A summary of our annual income, expenditure and balance held is included in our Annual Report.

107. **Funding agreements**

108. Project promoters will be required to enter into a funding agreement, which will set out the funding conditions, outputs/outcomes and milestones, and reporting requirements.

109. Where a project is to be delivered by the same authority which is acting as the Accountable Body, the promoter will enter into a Service Level Agreement (SLA) with the Accountable Body. The template is set out as **Appendix 20**.

110. Where a project is to be delivered by another partner, the promoter will be required to sign up to a Condition of Grant Agreement (COGA). The COGA is a legal agreement between the Accountable Body and the promoting authority, and defines the responsibilities partners have to one another, particularly any back-to-back assurances required by the Accountable Body from partners in order to assume the above responsibilities. The template is set out as **Appendix 21**.

111. **Audit**

112. Both GBSLEP and the Accountable Body will commission audits of LEP activity to provide assurance to both the Section 151 Officer and LEP Director, ensure that the Joint Working Protocol is being delivered effectively and to highlight areas for improvement.

113. **The Supervisory Board**

114. The Supervisory Board empowers the LEP Board and provides it with the democratic accountability required to invest public money. As such, it forms part of a "dual key" arrangement and within the LEP's governance is required to "note" the decisions of the LEP in order that they can proceed.

115. It may reject the LEP Board's decisions. In such an event, the Chair of the Supervisory Board will meet with the Chair of the LEP Board and any other Directors as appropriate to discuss a resolution, with view to a further recommendation to the

LEP Board, Programme Delivery Director, LEP Director and/or Supervisory Board as appropriate.

116. Ultimately, no investment decision will proceed without the endorsement of the Supervisory Board.

117. **The Joint Scrutiny Committee**

118. A Joint Scrutiny Committee has been established to review, scrutinise and potentially call in decisions made, or other actions taken, in connection with the discharge of any functions which are the responsibility of the Supervisory Board. The Joint Scrutiny Committee has nine members, one from each local authority.

119. The Scrutiny Committee's secretariat is provided by Solihull Metropolitan Borough Council, independently of GBSLEP.

120. The Terms of Reference for the Joint Scrutiny Committee are at **Appendix 22**.

121. The work programme for the Joint Scrutiny Committee is at **Appendix 23**.

Ensuring value for money

The following section provides details of the arrangements for prioritising, developing, appraising and approving capital projects, and the programme management arrangements throughout the following stage gateways:

- Pre-application
- Expression of Interest - strategic fit assessment
- Outline Business Case (Programme entry) assessment
- Full Business Case assessment
- Contracting
- Delivery
- Project completion
- Evaluation

A programme management workflow is set out at **Appendix 24**.

122. Developing the “long list” of schemes and strategic fit prioritisation to create a Programme Pipeline

123. Project promoters were invited to submit a standard expression of interest pro forma as part of GBSLEP’s bid for Growth Deal 3 funding. The expression of interest template is attached at **Appendix 25**. These submissions have been reviewed for strategic fit by the Sub-Boards of the Pillar Boards and allocated into one of four categories:

- (A) Essential to the strategy – projects that are paramount to the achievement of the SEP ambitions
- (B) Strong strategic fit – projects that directly support the LEP vision and core objectives and the realisation of one or more of the key areas of focus within the SEP
- (C) Good strategic fit - projects that will support growth and are generally consistent with SEP ambitions, but may be in fact small improvements on business as usual or will likely have a limited impact on the realisation of these ambitions
- (D) Unclear strategic fit – projects where further explanation is required. Includes projects that require funds for repair or maintenance, but do not directly link the SEP ambitions, nor will they bring about net additional economic growth. Some are business as usual projects that require ongoing funding or are not clearly linked to the SEP ambitions

124. To ensure consistency across the Sub-Boards, given the large volume of projects assessed as part of the Growth Deal 3 bid, their respective Chairs finalised ratings across all projects at a moderation meeting in January 2017. These ratings were considered by the LEP Board at their January meeting, who approved all category A projects onto the Programme Pipeline and invited them to submit outline business cases. It was also agreed that Category B projects would be able to submit outline business cases.
125. Where a project is allocated into category B or below, it can be further developed by the promoter and resubmitted for re-assessment by the relevant Sub-Board. Any revised allocation will be reported to the LEP Board to note acceptance onto the Programme Pipeline.
126. Following the conclusions of the Growth Deal 3 process, GBSLEP has adopted the policy of having an open call for projects. Promoters are encouraged to speak to the LEP Executive before submitting projects. Contact details are provided on GBSLEP's website. Once submitted, new projects will be assessed by Sub-Boards for strategic fit and allocated into one of the same four categories as Growth Deal 3 projects. This category allocation will be reported to the LEP Board to note acceptance onto the Programme Pipeline.
127. The Programme Pipeline will be reviewed every six months to ensure projects remain in the correct strategic category.
128. The Programme Pipeline development process outlined here was introduced in preparation for the Growth Deal Round 3 allocation from Government in March 2017. Further detail on the GBSLEP Prioritisation Model that was used in the development of the Growth Deal 1 and 2 programmes is included as **Appendix 26**.
129. Going forward, GBSLEP operates an "open call" for projects and will widely advertise any specific funding opportunities that become available.
130. **Enterprise Zone**
131. GBSLEP has integrated Enterprise Zone (EZ) programme management, monitoring and performance arrangements with wider LEP programme management arrangements, including introducing £10m and £2.5m delegations for the Programme Delivery Board (PDB) and LEP Director respectively.
132. The Memorandum of Understanding between the LEP Board and the Accountable Body for the Enterprise Zone is included as **Appendix 27**. The Programme Delivery Board has subsumed the responsibilities of the EZ Executive Board, and the Programme Delivery Board now includes members of the Executive Board to ensure continuity. The EZ is therefore part of GBSLEP's wider Growth Programme.
133. **European Structural & Investment Funds (ESIF)**
134. Strategic alignment between the Growth Deal and ESIF programmes is of crucial importance to GBSLEP. It is therefore the LEP's intention to ensure that the

strategic development of the pipelines for both of these significant funding streams is taken forward in the most coordinated fashion possible.

135. Therefore, where applicable, Pillar Boards and Sub-Groups will be proactively engaged in the development of the pipeline and any associated strategic frameworks for any future rounds of European funding and any UK Government replacement post-Brexit.

Outline Business Case

136. Once on the Programme Pipeline, project sponsors will be asked to produce an outline business case that demonstrates the suitability of the project for GBSLEP funding, illustrates its return on investment (RoI) and establishes its deliverability. These three areas must be adequately addressed before consideration will be given to the approval of the outline business case and a conditional funding allocation. The outline business case application form is attached at **Appendix 28**.
137. The outline business case will be assessed by the LEP Executive and will be subject to independent appraisal by an Independent Technical Evaluator, following the HM Treasury Green Book methodology for appraisal and evaluation.
138. The RoI measure will be based on the outputs produced by the project relative to the project spend. The outputs in question will be determined by the nature of the project; for example, the RoI for transport projects will be based on the Benefit to Cost Ratio (as determined through a WebTAG-compliant process), while for skills projects they will be based on the number of learners and the potential GVA generation.
139. This ensures that a broad suite of projects across work areas can be compared and that the projects generating the greatest return on investment (and therefore the best value for money) will be prioritised, subject to its deliverability and the overall risk profile of the programme.
140. The route to approval of the outline business case and the conditional funding allocation depends on the total GBSLEP contribution towards the project. The following scheme of delegation will be used:
- Projects seeking a total contribution of less than £2.5m will be required to develop a business case to be taken to the LEP Director for approval.
 - Projects seeking a total contribution of greater than or equal to £2.5m but less than £10m will require approval from the Programme Delivery Board.
 - Projects seeking a total contribution of greater than or equal to £10m will require LEP Board approval.
141. Preparation of an outline business case will not be appropriate for all projects and it may be preferable for the project to progress direct to full business case without a conditional funding allocation. This is influenced by factors such as the relative size or complexity, stage of development or the risk appetite of the project sponsor to invest in the preparation of full business case without a conditional

funding approval. The appropriate route will be agreed between the LEP Executive and project sponsor following the assessment of the strategic fit of the project.

142. **Value for money**

143. GBSLEP will ensure that value for money is achieved with each of its prioritised schemes.

144. Value for money will be a central consideration of the prioritisation process described above. In particular, value for money will be addressed through the assessment of RoI.

145. The modelling and appraisal of schemes contained in the business cases will be developed in accordance with appropriate Green Book guidance. In the context of transport schemes, for example, business cases must be developed in accordance with the guidance published in WebTAG and must ensure that all Department for Transport requirements for the appraisal and value for money scrutiny of transport schemes are met.

146. The appraisal and modelling submitted by the promoter will be scrutinised by GBSLEP, independently of the promoter.

147. **Preparatory costs approval**

148. Projects in the Programme Pipeline, which have successfully been approved at outline business case, will be eligible to submit a proposal for the release of preparatory funds from their total capital allocation. GBSLEP is prepared to release up to 25% of its total funding contribution up front, prior to the approval of the full business case, to assist with its development.

149. As agreed by the Programme Delivery Board, the LEP Director has the authority to defray up to 25% of the total quantum of Growth Deal sought on production of a satisfactory application.

150. Applications seeking in excess of 25% of their total allocation will be referred to the Programme Delivery Board.

151. The amount awarded will be deducted from the total capital available following approval of the full business case. The Development Funding Grant Agreement is included as **Appendix 29**.

152. The funding awarded by GBSLEP may be used only for the purposes that a capital receipt may be used for in accordance with regulations made under Section 11 of the Local Government Act 2003.

153. In this context, capital preparatory costs include expenditure directly related to the creation of the proposed scheme. Such costs include (but are not limited to):

- Detailed design;
- Preparation of statutory orders;

- Land acquisition; and
 - Procurement of a contractor.
154. Should the full business case not be approved and delivery of the project does not commence, the promoter will be required to return the funds to GBSLEP.

Full Business Case

155. A final approval stage – “full approval” – will only be granted subject to the production and appraisal of a full business case. This approval will be subject to all legal powers and third-party funding contributions being in place, and the final costs being formally agreed (i.e. contracted) with a delivery partner.
156. The route to full approval depends on the total GBSLEP contribution towards the project and follows the same scheme of delegation for approval at outline business case.
- Projects seeking a total contribution of less than £2.5m will be required to develop a full business case to be taken to the LEP Director for approval.
 - Projects seeking a total contribution of greater than or equal to £2.5m but less than £10m will also require approval from the Programme Delivery Board.
 - Projects seeking a total contribution of greater than or equal to £10m will additionally require LEP Board approval.
157. All decision-making will be supported by the LEP Executive, who will facilitate the evaluation of the business case and will ensure that a covering report is drafted with a recommendation, to support the decision-making process.
158. All decisions will be reported to the Supervisory Board.
159. **HM Treasury Green Book**
160. An HM Treasury Green Book-compliant business case will be required in order to apply for full approval. Guidance on Green Book principles is available [here](#).
161. GBSLEP expects that business cases address, in a proportionate manner, the five cases set out in the supplementary guidance to the Green Book, available [here](#).
162. The full business case template is included as **Appendix 30**. In addition, GBSLEP will consider the submission of business cases in third-party formats only where the checklist for the appropriate standard of business case has been completed, and that the third-party business case addresses all the points to the satisfaction of the LEP Director.
163. For example, where a project is seeking £5m of Growth Deal from GBSLEP, GBSLEP will require that – as a minimum – the checklist at the front of **Appendix 30** is completed in full, attached to the third-party format business case and that the LEP

Director agrees that the information provided meets the standards set out in the GBSLEP template.

Independent Appraisal and Due Diligence

164. Decisions made within the delegations outlined above will be supported by the Independent Technical Evaluator (ITE), who will undertake an assessment of the business case to test whether it has been written in accordance with relevant Green Book and WebTAG guidance.
165. The ITE will often be external to GBSLEP. Where the evaluation is conducted internally, appropriate Chinese Walls will be put in place between the team within GBSLEP promoting the project and the ITE.
166. The GBSLEP is committed to undertaking due diligence activities that support effective decision-making and project appraisal. Where the project sponsor is not a Local Authority or an established institution, additional due diligence checks may be undertaken on them. The specific nature and timing of the due diligence will depend on the nature of the project, its cost and the potential impact of the project on the GBSLEP itself.

Local governance processes

167. The processes for approval outlined above do not supersede local governance processes.
168. It is anticipated that in order to be considered for entry into the Growth Deal programme, projects will have secured outline approval through their own local governance processes prior to submission.
169. Furthermore, alignment will be considered by the LEP Executive before submission is approved, and the application for full approval must be supported in writing by the promoting authority's Section 151 Officer (or, in the case of non-local authority promoters, by the Chief Financial Officer), thereby guaranteeing the local contribution to the scheme and signifying acceptance of risk for all cost increases.
170. Following the granting of full approval from GBSLEP, project sponsors will be required to seek full approval through their own governance process.
171. GBSLEP anticipates that, as part of those local governance processes, project sponsors will be required to satisfy any other legislative requirements when taking a project for full approval, including (but not limited to) and Environmental Impact Assessment and an Equality Impact and Needs Assessment.
172. Where this is not the case, project sponsors must notify GBSLEP prior to seeking full approval from the LEP.

Programme management, risk and monitoring information

173. Each scheme included in the programme will be required to provide appropriate documentation to GBSLEP. This will include, but is not limited to, project governance arrangements, a list of key milestones, an expenditure profile, a project

plan, a communications plan, a benefits realisation plan, a project completion and evaluation plan, an issues log and a risk register . This information will be updated at key stages throughout the project lifecycle and reported to the LEP Director, who is responsible for identifying and actively managing risk across the programme. GBSLEP reserves the right to attend Project Board meetings.

174. The LEP Director will require financial and delivery information to be provided as part of quarterly monitoring reports from each project sponsor. Monitoring reports will be measured against a set of agreed milestones, which will be set out in the full approval application and GBSLEP's funding offer. Guidance on RAG ratings for milestones will be provided to project sponsors by the GBSLEP Programme Team.

175. While the LEP Director will be responsible for GBSLEP's Growth Deal programme, the ultimate responsibility for the successful delivery of each project within that programme lies with the project's lead.

176. **Change requests**

177. It is not unusual for circumstances to alter in such a way that a project can no longer be delivered as originally forecast. In that event, a formal change request must be submitted to the LEP Executive for consideration. The Change Management Policy is included as **Appendix 31**.

178. **Reallocation of resources**

179. Resources are only definitively committed to a project once the contracting stage has been completed. Until that time, all allocations are provisional. Even then, contracted projects may, with the agreement of the Programme Delivery Board, have their funding removed and reallocated elsewhere within the programme. This is likely to be an exceptional event, following detailed discussions between GBSLEP and the project sponsor, when a project can no longer deliver the planned benefits, or can no longer be expected to deliver the outcomes agreed because of a change in external circumstances.

180. **Reporting of progress**

181. The LEP Director will report on progress to the GBS Programme Delivery Board who will, in turn, report to the LEP Board and Supervisory Board.

Project Completion and Evaluation

182. Once a project is finished, a project completion report (PCR) must be submitted to GBSLEP by the project sponsor. This will set out an initial view on how well the project has delivered against forecast, and identify what lessons can be learned to improve future performance.

183. The PCR template is attached as **Appendix 32**.

184. Once an appropriate length of time has passed to enable a project to achieve its outcomes, an evaluation report must also be submitted to GBSLEP. The exact length of time will vary for each individual project, and will be set out in the evaluation

plan submitted as part of the initial contracting stage. The evaluation report will set out the extent to which the project has achieved its strategic objectives, and identify what lessons can be learned.

185. The template evaluation report is attached as **Appendix 33**.
186. The programme as a whole will also be subject to evaluation. An Evaluation Plan setting out proposals for how this will be conducted is currently in development.

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Item 4.APPENDIX B

GREATER BIRMINGHAM & SOLIHULL SUPERVISORY BOARD

TERMS OF REFERENCE & STANDING ORDERS

1. Governance

- 1.1 The Supervisory Board acts as a Joint Committee under ss 101, 102 Local Government Act 1972 and s9E(b) Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.
- 1.2 Political Proportionality rules will not apply to the Supervisory Board as so constituted.
- 1.3 The Supervisory Board will include the local authorities within the GBS LEP area i.e. Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest.

2. Host Authority

- 2.1 The Supervisory Board will be hosted under local government arrangements by Birmingham City Council and the Chief Executive or nominated Strategic Director of Birmingham City Council shall be Secretary to the Supervisory Board. The Host Authority will also provide s151 and Monitoring Officer roles to the Joint Committee.

3. Objects of Supervisory Board

- 3.1. To provide effective decision making and clear political accountability for management of the Single Local Growth Fund and other significant funding streams that cover the full GBS LEP geography as agreed with the LEP Board;
- 3.2. To empower the GBSLEP Board to deliver decisions taken under 3.1;
- 3.3 To oversee and review the activities of the GBSLEP Board;
- 3.4. To co-ordinate and liaise with GBS Local Transport Board; and
- 3.5 To consider any further measures necessary to strengthen the GBSLEP Board.

4. Membership

- 4.1. One member from each constituent authority. Such member to be the Leader (or other appointed member) from each constituent authority (voting).
- 4.2. The Chair of GBSLEP (non-voting).
- 4.3 Each Supervisory Board member to identify an alternate (an Executive Member).

5. Voting

- 5.1. One member one vote for local authority members.

- 5.2. Normal rules as to declarations of interest to be applied in accordance with the law and regulations governing pecuniary interests and Birmingham City Council Code of Conduct (see appendix B). The Chair has the right to decide whether observers declaring an interest can observe the meeting or should be asked to leave.
- 5.3. No ability to vote for private sector members.
- 5.4. In the event of any voting member of the Committee ceasing to be a member of the Council which appointed him/her, the Council shall forthwith appoint another voting member in his/her place.
- 5.5. Except as otherwise provided by the Local Government Acts 1972 and 1985, all questions shall be decided by a majority of the votes of the voting members present, the Chair having the casting vote in addition to his/her vote as a Member of the Committee.

6. Quorum

- 6.1. Three members present (one from the Metropolitan authorities of Birmingham and Solihull, one District from Staffordshire and one District from Worcestershire).

7. Meetings

- 7.1. The Chair and Vice-Chair of the Meeting will be elected at the first meeting and then each Annual Meeting of the Supervisory Board (usually within approx. 7-10 days of the LEP's AGM) and if the Chair or Vice-Chair is not present at any meeting within 10 minutes of the start of the meeting then those present will elect a Chair to act for that meeting.
- 7.2. Only a voting member is entitled to be elected as Chair or Vice-Chair of the Committee.
- 7.3. Each person entitled to attend will send an alternate as per para 4.3 in the event of his or her unavailability. The Secretary for the Supervisory Board shall be informed prior to the commencement of the meeting of any alternate members attending.
- 7.4. The Supervisory Board will normally meet within approx. 7-10 days following the GBSLEP Board meeting, but meetings can be called at other times as needed. A meeting of the Supervisory Board must be convened by the Chair within 28 days of the receipt of a requisition of any two voting members of the Supervisory Board addressed to the Secretary to the Supervisory Board. All requisitions shall be in writing and no business other than that specified in the requisition shall be transacted at such a meeting.

8. Standing Orders

- 8.1. Standing Orders for the Supervisory Board shall be the Standing Orders from time to time of Birmingham City Council

9. Administration

- 9.1 (i) The Secretary shall keep proper accounts of the money received and expended by the Supervisory Board.

- 9.1 (ii) The Secretary shall apportion the expenses of the Supervisory Board between the Councils in proportion to the population of each Council in the Greater Birmingham and Solihull Local Enterprise Partnership area.
- 9.2 This Terms of Reference and, subject as hereinafter mentioned, the functions of the Supervisory Board may be amended at any time by the unanimous agreement of the voting members of the Supervisory Board.

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Birmingham City Council Supporting Documents to the Constitution – Section B7 – Code of Conduct for Members & General Guidance.

Disclosable Pecuniary Interest

You must –

Comply with the requirement to register, disclose and withdraw from participating in respect of any matter in which you have a disclosable pecuniary interest

Ensure that your register of interest is kept up to date and notify the Monitoring Officer in writing within 28 days of becoming aware of any change in respect of your disclosable pecuniary interests

Make verbal declaration of the existence and nature of any disclosable pecuniary interest at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.

Meeting means any meeting organised by or on behalf of the GBS Local Transport Board including taking a decision as a member of the Board.

Other Interests

In addition to the requirements above, if you attend a meeting at which any item of business is to be considered and you are aware that you have a 'non-disclosable pecuniary interest or non-pecuniary interest' in that item, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent

You have a 'non-disclosable pecuniary interest or non-pecuniary interest' in an item of business where:

A decision in relation to that business might reasonably be regarded as affecting the wellbeing or financial standing of you or a member of your family or a person with whom you have a close association.

Gifts and Hospitality

You must, within 28 days of receipt, notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £25 which you have accepted as a member of the Board, from any person or body.

The monitoring officer will place your notification on a public register of gifts and hospitality.

Disclosable Pecuniary Interests are defined as follows (for further information see the Relevant Authorities Regulation 2012):

- Employment, office, trade, profession or vacation
- Sponsorship
- Contracts
- Land
- Licences
- Corporate tenancies
- Securities