Birmingham City Council
Enterprise Zone Assurance Framework

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Enterprise Zone
Assurance Framework

Contents

Section 1

Enterprise Zone Programme and Teams

1.1 Purpose

The Enterprise Zone (EZ) provides a mechanism to accelerate development and maximise growth. By utilising the uplift in business rates generated by development of the EZ and investing it in priority schemes, the EZ is a unique tool to drive economic success. The programme will unlock the major growth opportunities by removing barriers to development, creating a supportive environment for sustainability, investment and good place-making, job creation and growing the city and regional economy. It will be supported by a set of financial principles by which investment decisions to allocate EZ resources are made and robust governance arrangements to oversee the programme. The key areas for investment will be strategic site investment; infrastructure; and business support.

The purpose of the assurance framework is to set out the governance management and monitoring arrangements of the EZ Programme. This includes the financial management of the programme and decision making to ensure affordability during the lifetime of the EZ, through an agreed set of financial principles. The principles set out an acceptable level of borrowing to meet financial commitments. It also sets out the level of contingencies and reserves required to be able to respond to risks and opportunities.

The EZ was created in line with legislation approved by government in 2011. Between 2011 and 2022 the EZ was managed jointly by the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and Birmingham City Council (BCC), which also acted as accountable body for the programme. Following the publication of the Levelling Up White Paper in January 2022 which confirmed that the GBSLEP will close, and all services would transition to either the West Midlands Combined Authority (WMCA) or relevant local authority, Birmingham City Council is now responsible for delivery of the EZ, and this assurance framework builds on the good practice established within the GBSLEP to ensure the programme is managed effectively.

This framework has been structured to ensure the governance of the EZ remains separate from Birmingham City Council's wider delivery role and there are clearly defined roles and responsibilities for officers and board members.

This assurance framework has been created primarily for the purpose of delivering the EZ Programme, however, it's also recognised that several legacy funding programmes are transferring from the GBSLEP, and whilst most projects are complete it is important to have a structure for ongoing monitoring and administration. The structures and process within the assurance framework will also apply to these legacy programmes as required.

1.2 Geography

The EZ includes 39 sites within Birmingham City Centre covering 113 hectares of new and existing development space, as shown below.

1.3 Birmingham City Council Programme Teams

1.3.1 Birmingham City Council as Accountable Body

The management and redistribution of EZ business rate growth is undertaken by Birmingham City Council which will undertake the following roles and responsibilities.

- Collection, management, and redistribution of the Business Rates Income (BRI) growth.
- Project delivery agreements in accordance with the terms and conditions of each funding agreement.
- Accounting for transactions and maintaining records pertaining to EZ activity.
- Providing S151 and internal audit oversight of programme governance.
- Development and maintenance of the funding model including overseeing the financial principles and risk management.
- Birmingham City Council corporate governance undertaken to ensure that regular reports are received on the financial position and performance of the projects.
- Approve borrowing for EZ projects within the agreed Investment Plan (subject to affordability in accordance with the approved financial principles).
- Scrutiny of programme delivery and performance; and
- Administration and monitoring of legacy funding programmes transferred from the GBSLEP.

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Birmingham City Council Accountable Body Structure
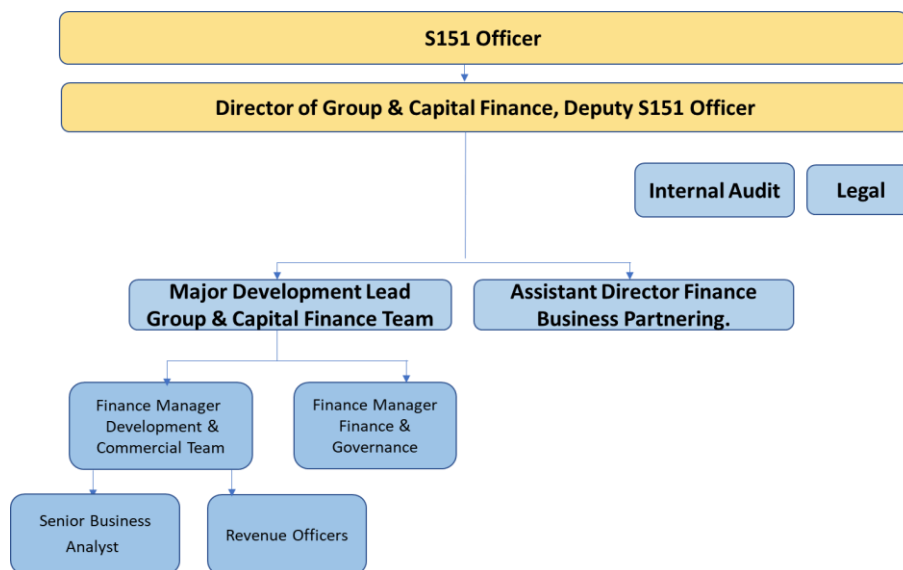
1.3.2 Birmingham City Council Programme Management Team

Aims and Objectives

The EZ Programme Management Team oversees the development and delivery of projects alongside supporting the Birmingham City Council's role as accountable body with management of the programme's financial model including projects spends and uplift in business rates income. In delivering the programme of works in-line with the current EZ Investment Plan (EZIP), the team works with project managers and sponsors to take the projects through the approval process and into delivery.

Roles and Responsibilities

- Monitor, review and report performance against the current EZIP aims and objectives.
- Provide overall programme management to support delivery of the objectives in the current EZIP and ensure alignment with the West Midlands Combined Authority (WMCA) Regional Economic Plan.
- Develop and regularly review the current EZIP to ensure it is up-to-date and fit for purpose.
- Assess affordability of the EZ financial model in accordance with the approved financial principles.
- Oversee the delivery of EZ projects.
- Manage the EZ Project Pipeline.
- Co-ordinate all aspects of appraising funding applications, presenting project investment approvals and change requests to the EZ Programme Board and EZ Partnership Board.
- Ensure that project specific grant agreements are in place.
- Review and report EZ Risk Register to EZ Programme Board.
- Quarterly monitoring of projects.
- Six-monthly reporting of the EZ programme performance to the Cities and Local Growth Unit.
- To develop and implement the £20m Regional Investment Fund programme.
- The monitoring of projects' adherence to subsidy control rules and reporting of any subsidies.
- Work on communication and promoting the EZ.
- Risk management; and
- Administration and monitoring of legacy funding programmes transferred from the GBSLEP.

1.3.3 Birmingham City Council Enterprise Zone Programme Management Team Structure
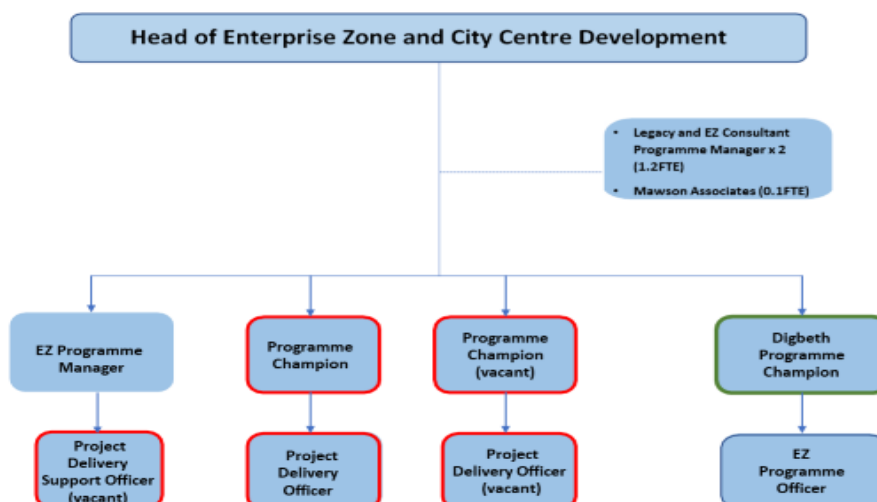
1.3.4 Birmingham City Council Enterprise Zone Project Sponsor

Aims and Objectives

For third party projects, a relevant Sponsoring Officer (SO), or Programme Champion will be allocated to the project to act as the key link between Birmingham City Council's Programme Management Team and the delivery organisation. The SO will oversee the delivery of the project.

Roles and Responsibilities

- Lead the delivery of Birmingham City Council EZ projects and provide technical support.
- Source expertise to evaluate project claims; cost consultants, audit; and
- Escalate delivery and governance concerns and issues with the EZ Programme Management Team/Boards.

1.3.5 Specialist Theme Leads

Themes

The EZIP identifies four key sectors which are integral to delivering it's aims and objectives. These are the Business, Professional and Financial Services (BPFS), Creative Industries, Financial Technology (FinTech) and Net Zero. To help ensure the priorities of these are represented within the programme, specialist theme leads will be identified for each sector.

Aims and Objectives

To provide specialist advice and support to the EZ Boards. To co-ordinate activity and advise on the direction, development, and application of funding in respect of themes.

Roles and Responsibilities

- To attend the EZ Programme Board meetings to provide advice and recommendations.
- At the request of the EZ Programme Board the specialist theme leads will make observations on individual applications for funding; and
- To attend strategic fit assessment meetings to provide advice and recommendations on Expression of Interest.

1.3.6 Birmingham City Council Project Managers

Aims and Objectives

The Project Manager will be directly responsible for the delivery of any allocated projects and will support the development and implementation of individual projects in line with appropriate funding agreements and in accordance with project objectives.

Roles and Responsibilities

- To support the development and implementation of EZ funded projects.
- To ensure that projects are delivered in accordance with EZ objectives as set out in the current EZIP.
- To ensure that projects are delivered in accordance with Birmingham City Council's Constitution – Part D Finance Procurement and Contract Governance Rules.
- To ensure that the terms and conditions set out in the EZ Funding Offer Letter, Conditions of Grant Aid (COGA), and/or Service Level Agreement (SLA) are fully compliant.
- To obtain, Birmingham City Council approvals for projects in accordance with Gateway process and procurement regulations/rules, and that this is in place prior to any expenditure being incurred on any project.
- To ensure that where projects are delivered by third parties the appropriate legal agreements, between Birmingham City Council and the third party, are put in place.
    - COGA, SLA or Contracts must be agreed and signed by the third party and Birmingham City Council before any funding is released; and
    - Where the above are used, the Project Manager must also ensure all the requirements of the conditions are complied with, e.g., inspection of accounts, procurement regulations, requirements for capital contracts, legal charges, and outputs/outcomes etc.
- To ensure any monitoring returns and claim forms are promptly completed and returned by the due dates. This includes:
    - Providing support to any third-party organisations in completing the monitoring returns and claim forms as appropriate.
    - Ensure that all relevant project information and documents are retained for audit purpose for the period of time as set out in the funding agreement.
    - Ensuring appropriate and adequate systems are in place to enable correct monitoring and capturing of outputs are taking place.
    - Checking and verifying the completed monitoring/claim forms and supporting evidence.
    - Pursuing any queries/missing information with projects to ensure that returns are complete.
    - Submitting the completed monitoring/claim forms and appropriate evidence to the EZ Programme Management Team by the due dates; and
    - To report concerns or issues with the EZ Programme Management Team as they arise.
- To ensure that outputs and outcomes included in the funding offer are monitored on a quarterly basis as a minimum and are in line with targets.
- To ensure supporting evidence, financial and otherwise, is retained and made available as and when required for grant claim purposes and other periodic monitoring or evaluation returns.
- To provide appropriate support where projects are experiencing difficulties in delivering any aspect of the project i.e., achieving spend outputs/outcomes or project delivery, make the EZ Programme Management Team aware of the situation, and agree with the EZ Programme Management Team and EZ Boards if required, what further action should be taken i.e.,

withdraw, reduce or re-profile further funding, if possible, renegotiate the outputs/outcomes etc.

- To support this process, the Project Manager will ensure internal systems for verifying outputs and leverage information are put in place to ensure that the project is operating/following appropriate systems.
- To ensure that relevant publicity is given to the scheme acknowledging the contribution made by the EZ.
- To take part in any performance review/evaluation activities arranged by the EZ Programme Management Team; and
- To attend meetings as requested to discuss monitoring/claim processes, project performance, etc.

Section 2

Transparent Enterprise Zone Governance and Decision Making

It's proposed that the governance and decision-making arrangements established by the GBSLEP will transfer to Birmingham City Council to ensure good practice continues. Initially this will comprise the boards and committees set out below. These will be independent from Birmingham City Council's governance to maintain clear separation in the respective roles around decision making, scrutiny and reporting.

2.1 The Enterprise Zone Partnership Board

Aims and Objectives

To provide clear vision and strategic leadership to enable the delivery of the EZ Programme, to use the resources under its direction and engage with local stakeholders; West Midlands Combined Authority, (WMCA) government, government agencies and will to provide a vehicle through which innovative funding and development mechanisms to drive major change and investment can be secured.

Roles and Responsibilities

- Approve EZIP.
- Approve EZ investments including change requests over £0.5m Revenue and £1m Capital*.
- Oversight of the EZ Programme Board.
- Oversee the delivery of EZIP.
- Monitoring and performance management of the EZ Programme.
- Ensure affordability of the programme.
- Ensure promotion of EZ success and achievements; and
- As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions within its delegation*.

*Requests for EZ funding are subject to availability of funds and ratification through Birmingham City Council Gateway process if applicable.

Board Membership

The EZ Partnership Board will comprise of nine members.

- Four Private Sector members (one to chair).
- Leader of the Birmingham City Council.
- Two non-Birmingham City Council Member representatives.
- Birmingham City Council S151 Officer; and
- Strategic Director of Place, Prosperity, and Sustainability, Birmingham City Council.

Observers

- Cities and Local Growth Unit representative.

Deputies can attend on behalf of representatives where necessary but must be empowered to take decisions by the relevant authority.

Members will advise the chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the board.

Members of the board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting. It is a decision-making board for which evidence is provided through

proper process including minutes, quorum as defined by the Terms of Reference, and declarations of interest to support its decision-making procedures.

All investment decisions will require ratification through Birmingham City Council Gateway process.

Frequency

6-weekly or by exception.

Payment

Reasonable out of pocket expenses incurred by private sector board members will be reimbursed by Birmingham City Council when supported by a receipt. Claims must be related to attending EZ Partnership Board matters.

Terms of Reference

Appendix 1.

2.2 The Enterprise Zone Programme Board

Aims and Objectives

To monitor and oversee the delivery of EZ projects and programme to effectively implement the delivery of the EZIP. To receive regular reports on project/programme performance. To consider and approve change requests and project applications within its delegation*, and to recommend the decision over its delegation to the EZ Partnership Board.

Roles and Responsibilities

- Regularly review the current EZIP and recommend its approval to EZ Partnership Board every two years as a minimum.
- Develop EZIP.
- Monitoring and performance management of the EZ Programme and EZ funded projects.
- Any key risks and issues on EZ project/programme delivery are either addressed and/or escalated to Birmingham City Council Capital Board and the EZ Partnership Board.
- Approve EZ investment decisions and change requests up to £0.5m Revenue and £1m Capital*.
- The EZ Programme Board will request project managers and specialist consultants to attend the meeting as and when required to provide detailed updates on projects.
- As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions and change requests within its delegation*; and
- All decisions to be reported to the EZ Partnership Board.

*Requests for EZ funding are subject to availability of funds and ratification through Birmingham City Council Gateway process if applicable.

Membership

The EZ Programme Board will consist of six members.

- Birmingham City Council Assistant Director Transportation and Connectivity (chair), voting.
- Head of Curzon and Enterprise Zone Development (vice chair), voting.
- Assistant Director of Development, voting.
- Major Developments Lead of Group and Capital Finance, voting.
- Legacy and Enterprise Zone Consultant Programme Manager, voting.
- Head of Project Delivery, voting.
- Finance Manager, (Adviser).

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- Enterprise Zone Programme Manager, (Adviser); and
- Specialist theme leads, if required.

Deputies can attend on behalf of representatives where necessary but must be empowered to take decisions by the relevant authority.

Members of the board must disclose any personal or penurious interests relevant to any matter discussed at that meeting.

All investment decisions will require ratification through Birmingham City Council Gateway process.

Frequency

6-weekly or by exception.

Payment

Not applicable.

Terms of Reference

Appendix 2.

2.3 Enterprise Zone Pipeline Assessment Panel (PAP)

Aims and Objectives

To assess project summary submissions for the Birmingham City Centre EZ Investment Programme pipeline for alignment to strategic principles and qualifying criteria.

Roles and Responsibilities

- To review and consider requests for EZ funding.
- To review existing delivery commitment.
- Assess the impact of potential projects for EZ funding for inclusion on the pipeline, via analysis of:
    a) Direct BRI growth i.e., projects to directly result in commercial office space that will generate business rates income within one or more of the 39 appointed EZ sites.
    b) Indirect BRI growth i.e., projects that will enhance the appeal of the EZ and either attract or retain business within the EZ.
    c) Potential Economic Impact (GVA).
    d) Outputs, outcomes, and benefits; and
    e) Alignment to EZ, Birmingham City Council or West Midlands Combined Authority Strategic Priorities.
- To maintain a schedule of pipeline projects.
- To prioritise pipeline projects based on their Economic Impact Appraisal score, with one being the highest.
    1) Project generates direct Business Rates Income Growth and is one of the 39 sites. Classification allows business rates income growth to be retained -
    2) Project generates indirect Business Rates Income Growth. It is not one of the 39 sites but will likely support or indirectly provide business rates income growth on the 39 sites.
    3) Project has the potential to have a high economic impact on the city. It is not one of the 39 sites but has the potential to be transformational, generate high GVA or create jobs.
    4) Project will likely only have low economic impact on the city. It is not one of the 39 sites and will unlikely be transformational, generate high GVA or create jobs.
- To group projects in the pipeline:

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- o New - Newly identified EZ projects.
- o EZIP - EZIP2019 projects not yet committed/approved.
- o Committed - EZIP committed projects and/or approved projects; and
- o Delivery/Completed - EZIP completed projects and/or projects in delivery.
- To approve or reject project progression to Expression of Interest; and
- To report project assessments to the EZ Programme Board.

Panel Membership

- Head of Curzon and Enterprise Zone Development (chair).
- Enterprise Zone Programme Manager.
- Assistant Director Development (vice chair).
- Legacy and Enterprise Zone Consultant Programme Manager.
- Enterprise Zone Consultant Programme Manager.
- Other relevant officers to attend as required.

Frequency

6-weekly or by exception.

Terms of Reference

Appendix 4.

2.4 Programme Governance

2.4.1 Project Development Stages

New projects within the EZ Programme are required to progress through the development stages as defined below.
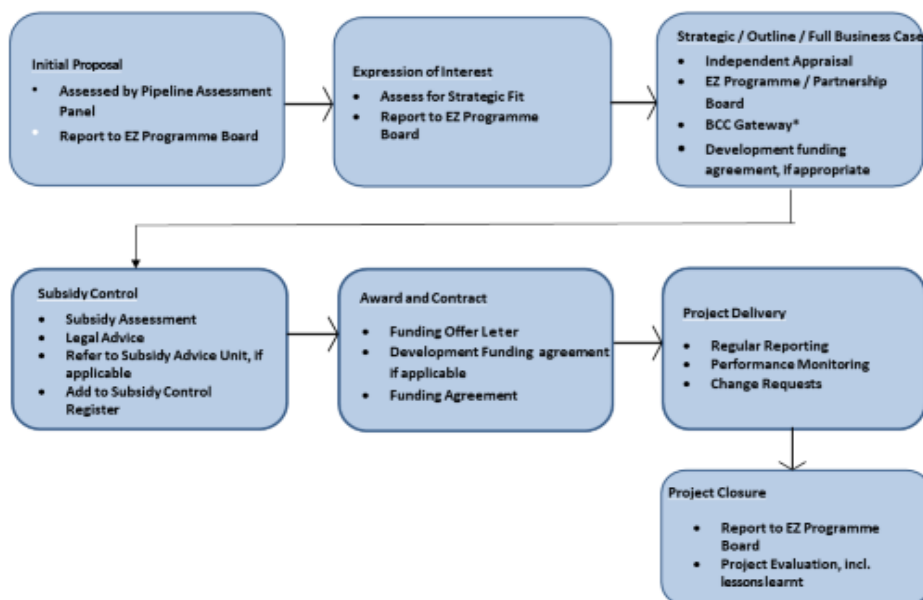
*Requests for EZ funding is subject to availability of funds and ratification through BCC Gateway process if applicable.

*Birmingham City Council Gateway is the relevant decision maker, as defined by Birmingham City Council's Constitution – Part D Finance Procurement and Contract Governance Rules.

2.4.2 Project Governance

The governance arrangements for projects progressing through the development stages as outlined in 2.4.1 are shown below.
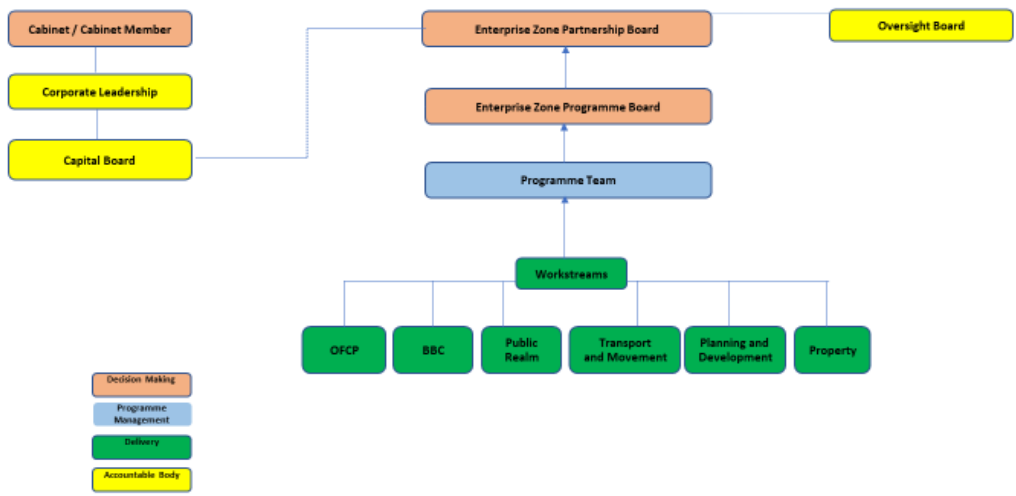
Section 3

Transparent Decision Making

3.1 Governance Overview

Pecuniary Interests – Conduct of Board Business

All business of the partnership will be conducted in accordance with the Nolan Principles of Public Life.

a) Selflessness
Holders of public office should take decisions solely in terms of the public interest. They should not do so to gain financial or other material benefits for themselves, their family, or friends.

b) Integrity
Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

c) Objectivity
In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

d) Accountability
Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

e) Openness
Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

f) Honesty
Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

g) Leadership
Holders of public office should promote and support these principles by leadership and example.

3.2 Registration and Declaration of Interests

Pecuniary Interests – Conduct of Board Business

Members of the EZ Partnership Board, EZ Programme Board and Pipeline Assessment Panel must register their interests; elected members will have already undergone this procedure.

Programme Management officers and project managers will operate within the Birmingham City Council corporate guidance on declaring interests and other issues such as receiving gifts and hospitality etc.

Section 4

Accountable Decision Making

4.1 Status and Role of Accountable Body

Birmingham City Council is the accountable body for the EZ Programme. As the accountable body Birmingham City Council will:

- Hold revenues related to uplift in Business Rates relating to the 39 EZ Birmingham City Centre sites and make payments in accordance with the decisions made by the EZ Partnership Board and EZ Programme Board within set delegations.
- Account for these funds in such a way that they are separately identifiable from the accountable body's own funds.
- Ensure that the decisions and activities of the EZ conform to legal requirements regarding equalities, environmental, subsidy controls, and any other relevant legislation and/or regulatory guidance which is in force and applies in the United Kingdom.
- Ensure (through the Section 151 Officer) that the funds are used appropriately; and
- Supply protocol and guidance in relation to transparency and audit for the EZ to adhere to.

4.2 Audit and Scrutiny

Where required Birmingham City Council's Internal Audit service (Birmingham Audit) will undertake audit and assurance checks to verify that the EZ is operating effectively within the terms of its agreed assurance framework. Audits will report on the effectiveness of the systems of governance, financial control, and risk management. Any fraudulent or inappropriate activities will be investigated as appropriate. This will ensure that the highest standards of propriety in the use of public monies are maintained and proper accountability for the use of those monies. The EZ Programme Team will be responsible for taking the necessary action to address and implement any recommendations arising from any audits undertaken on the EZ Programme.

4.3 Enterprise Zone Oversight Board

The Terms of Reference for this board is under review. It has been agreed by the EZ Partnership Board to ensure efforts in providing the best level of service to support it with providing a further level of accountability when investing public funds, that the remit of the Oversight Board is considered alongside other complimentary and strategically important programmes. These programmes may include the West Midlands Investment Zone, and/or the East Birmingham and North Solihull Levelling Up Zone.

4.4 Strategic Objectives and Purpose

The EZ Programme will:

- Ensure that value for money is achieved regarding the EZ fund funding.
- Identify a prioritised list of projects.
- Make recommendations on individual project approval, investment decision making and release of funding, including scrutiny of individual scheme business cases.
- Monitor progress of scheme delivery and spend.
- Actively manage the budget and programme to respond to changes in circumstances (for example scheme slippage, scheme alteration or cost increases).
- Engage government in dialogue to ensure resource is maximised and additional funding streams are coordinated.

4.5 Complaints and Whistleblowing

Complaints from stakeholders, members of the public or internal whistle-blowers will be dealt with and resolved in line with Birmingham City Council's policies and procedures.

Section 5

Ensuring Value for Money, Prioritisation, Appraisal, Business Case Development, and Risk Management

5.1 Approval Process

A number of standard documents support projects through the approval, delivery and closure lifecycle stages. These are defined below.

5.1.1 Initial Proposal

A short "2 page" document that outlines the proposal against the five-case model in high level terms enabling an initial evaluation and prioritisation with a weighting against strategic fit.

5.1.2 Expression of Interest

Building on the Initial Proposal, the Expression of Interest (EoI), will be used to assess the strategic fit of the project and determine its priority category for support. Priority projects will then be invited to submit a Strategic Outline Business Case or Outline Business Case, in line with HM Treasury Green Book principles. 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. This will be 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. The appropriate route will be agreed by the EZ Programme Board.

5.1.3 Strategic Outline Business Case

Building on the EoI, the Strategic Outline Business Case (SOBC) may be required for projects in earlier stages of development and depending on the level of complexity.

5.1.4 Outline Business Case

Building on the EoI and/or the SOBC, the purpose of the Outline Business Case (OBC) is to identify a shortlist of options and set out the case for the preferred option which demonstrates value for money. It details the supporting procurement strategy, together with management arrangements for the successful delivery of the project provides further detail into the proposed project, scope, benefits, costs, and approach.

5.1.5 Full Business Case

Building on the OBC, or the EoI by exception, the Full Business Case (FBC) enables a final decision on funding approval based on the information detailed in 5.2. The FBC takes place during the procurement phase of the project, following evaluation of tenders from potential service providers/suppliers prior to the formal signing of contracts. The purpose of the FBC is to revisit the OBC and record the findings of the subsequent procurement activities; together with the recommendation for an affordable solution which continues to optimise value for money, and detailed arrangements for the successful delivery of required goods and implementation of services from the recommended supplier/s. The FBC also puts in place the agreed management arrangements for the delivery, monitoring, and post-evaluation of the project.

5.1.6 Exception Report

Where a project has experienced significant change, the Project Manager will prepare an Exception Report which will be presented to the EZ Programme Board for noting.

5.1.7 Change Request

Once a project has been approved any change outside of agreed tolerance will be subject to a formal Change Request. The approval authority for the proposed Change Request depends on the scale and impact of the Change. The Programme Office provides guidance on the Change Control process for in-flight projects. For guidance, please refer to the Change Policy (Appendix 6).

5.1.8 Project Status Report

The Project Manager will provide timely and accurate status reporting to the Programme Team throughout the lifecycle of the project implementation.

5.1.9 Financial Claims Process

Once a project has a signed funding agreement in place, the Project Manager can submit financial claims along with supporting evidence as outlined in that agreement, to their nominated EZ Programme Champion.

- The Programme Champion will check submitted information to ensure that expenditure has been incurred in line with the project funding agreement.
- Once the Programme Champion has approved the claim, the EZ Programme Manager will carry out a second independent check; and
- Once the EZ Programme Manager has approved the claim, they will send it to the EZ Programme Finance Team to check and authorise payment.
  a) Where the grant recipient is Birmingham City Council, Finance will arrange for an internal transfer to the project's financial code to offset EZ project costs, and
  b) Where the grant recipient is a third party, costs will be reimbursed to the organisation.

5.1.10 Project Closure Report

Once a project has completed, the Project Manager/Sponsoring Officer will prepare the Project Closure Report and submit to the EZ Programme Management Team. This acts as a mirror to the approved FBC and compares the final status against the original baseline for schedule, cost, quality, benefits, and scope. Project Closure Reports are shared with the EZ Programme Board.

5.2 The Five Case Model

HM Treasury standard for the development of a Business Case is based on the Five Case Model. Policies, strategies, programmes, and projects will only achieve their spending objectives and deliver benefits if they have been scoped robustly and planned realistically from the outset and the associated risks considered.

The business case, both as a product and a process, provides decision makers, stakeholders, and the public with a management tool for evidence based and transparent decision making and a framework for the delivery, management, and performance monitoring of the resultant scheme.

The business case in support of a new policy, new strategy, new programme, or new project must evidence:

- That the intervention is supported by a compelling case for change that provides holistic fit with other parts of the organisation and public sector– the "**strategic case**".
- That the intervention represents best public value – the "**economic case**".
- That the proposed Deal is attractive to the marketplace, can be procured and is commercially viable – the "**commercial case**".
- That the proposed spend is affordable – the "**financial case**".

- That what is required from all parties is achievable – the "**management case**".

5.3 Project Register

The EZ Programme Management Team will maintain a Project Register. The register will list all proposals, in-flight projects, and closed projects.

Red/Amber/Green (RAG) Key Performance Indicators (KPIs) will be tracked for all in-flight projects.

The Verto IT system will be used as the project and portfolio management solution providing this Project Register.

5.4 Project Prioritisation

Investment decision or opportunities for additional investment will be subject to affordability testing and strategic prioritisation, and these will be key parameters when considering how the pipeline is developed and project calls are managed and/or initiated. The Pipeline Assessment Panel (PAP) will review projects based on the following four economic impact appraisal criterions.

1. The project generates Direct Business Rates Income Growth. The project in one of the 39 EZ sites and the classification allows business rates income growth to be retained.
2. The project will likely generate Indirect Business Rates Income Growth. The project likely contributes to, or directly supports, business rates income growth in the EZ sites.
3. Whilst not in the 39 EZ sites, the project could be transformational, generate significant GVA or create jobs. The project could have a high economic impact on the city; and
4. It is not in the 39 EZ sites and will unlikely generate significant GVA, job creation or general economic impact on the city. The project will likely only have minimal, or low, impact on the city.

Following the PAP assessment, all projects assessed and scored 1, 2 will be invited to submit an EoI. Where a project scores 3, it may be invited to submit an EoI.

5.5 Strategic Fit with Strategic Economic Plan Objectives

West Midlands Combined Authority's (WMCA's) Strategic Economic Plan sets out its mission to create jobs and grow the economy of Greater Birmingham and in so doing raise the quality of life for the population.

The EZIP supports the West Midlands Combined Authority's (WMCA's) Strategic Economic Plan with its focus on skills, innovation, transport, and inward investment. The key commercial sectors within the EZ are Business, Professional and Financial Services (BPFS), Creative Industries and Financial Technology (Fintech). Growing these sectors will maximise growth in jobs, skills, and the wider Birmingham economy. The investment programme will make an important contribution to the WMCA target to create an additional 500,000 jobs by 2030.

5.6 Value for Money

A Benefit Cost Ratio (BCR) will be calculated by the appraiser based on the Treasury Green Book. By utilising the project outputs, it calculates the BCR for employment, business creation, business assists, learner assists, and housing outputs and combines them to calculate the GVA impact and a total project BCR based on the public sector ask.

5.7 Birmingham City Council Client Role

To enable Birmingham City Council to support projects being delivered by third party organisations, using EZ funding it may apply an agreed and reasonable percentage on top of the EZ grant to cover all

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Birmingham City Council project related costs. To ensure transparency all applications and related board papers must detail the Birmingham City Council Client Role budget.

5.8 Delivery Timing and Risk

Projects able to demonstrate the most certainty will be given the highest priority. To determine that certainty we will evaluate the mitigations proposed against each of the key risks.

To evaluate the risks identified, the potential likelihood of them occurring, the impact and their proximity are measured as shown below.

Measures of Likelihood

Description	Example Detail Description
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.
Medium	Possible, might occur at some time. 20% - 50% chance.
Low	Unlikely, but could occur at some time. Less than 20% chance.

Measures of Impact

Description	Example Detail Description
High	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate/improve performance missed/wasted. Huge impact on costs and/or reputation. Very difficult to recover from and possibly requiring a long-term recovery period.
Significant	Major impact on costs and objectives. Substantial opportunity to innovate/improve performance missed/wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium	Waste of time and resources. Good opportunity to innovate/improve performance missed/wasted. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.
Low	Minor loss, delay, inconvenience, or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.

Measures of Proximity

Description	Example Detail Description
5	Risk event potentially in the next month.
4	Risk event potentially in the next quarter.
3	Risk event potentially in the next 6 months.
2	Risk event potentially in the next 12 months.
1	Risk event is over 12 months away.

The first assessment should consider the inherent or gross risk and proximity. This is the potential likelihood and impact of a risk crystallising, and when if no controls are in place.

Once the inherent/gross risk has been identified, any controls that are in place to help manage the risk should be identified and any reduction in the likelihood and impact scores identified to give the residual/current risk.

It is essential that any controls that are being relied upon to manage risks are effective. As part of the assessment process the sources of assurance that provide ongoing confirmation that controls exist and continue to remain effective should be identified.

Enterprise Zone
Assurance Framework

The final stage in the process is to consider and set the target risk. This is the level of risk that you are aiming to manage the risk down to. This will help in determining what mitigating actions need to be taken. The prioritisation matrix/risk heat map, below, supports the setting of an appropriate target risk.

Prioritisation Matrix/Risk Heat Map

LIKELIHOOD					
High		🟨	🟨	🟥	🟥
Significant		🟨	🟨	🟥	🟥
Medium		🟩	🟨	🟨	🟥
Low		🟩	🟩	🟨	🟨
		Low	Medium	Significant	High

IMPACT

Key:

Severe	Immediate control improvement to be made to enable business goals to be met and service delivery maintained/improved.
Material	Close monitoring to be carried out and cost-effective control improvements sought to ensure service delivery is maintained.
Tolerable	Regular review, low-cost control improvements sought if possible.

5.9 Complaints Procedure

All complaints will follow Birmingham City Council's complaints procedure.
Birmingham City Council's complaints procedure

Section 6

Financial Risk Management

6.1 Financial Strategy

The financial strategy for the EZ is predicated on a programme which contains projects for major capital investment, revenue project support and the capital financing implications arising from debt repayment and projections for the uplift in BRI across the programme's lifetime.

High level risks associated with the management of EZ resources have been identified and modelled out through sensitivity testing. The assumed level of business rates income for the EZ is highly sensitive to anticipated levels of development activity especially if developments fail to materialise in line with projects. Similarly, increased project costs or increases in interest rates on the cost of borrowing could be detrimental to affordability and impact on the overall programme.

6.2 Financial Principles

A set of financial principles are applied to EZ financial model as a tool to manage the risk associated with the management and to assess the affordability of investments. Financial principles are set out in Appendix 5.

Assurance Framework

The assurance framework will be reviewed annually by the EZ Programme Board for recommendation for approval by the EZ Partnership Board and Birmingham City Council S151 Officer or acting deputy.

Last Approved Version

10.9.2

Date

Approval by Birmingham City Council Cabinet 14th May 2024.

Appendix 1 – Enterprise Zone Partnership Board Terms of Reference

Appendix 2 – Enterprise Zone Programme Board Terms of Reference

Appendix 3 – Enterprise Zone Oversight Board

Appendix 4 – Enterprise Zone Project Assessment Panel

Appendix 5 – Enterprise Zone Financial Principles

Appendix 6 – Enterprise Zone Change Policy

Appendix 1 – Enterprise Zone Partnership Board Terms of Reference

Purpose of the Enterprise Zone

The EZ provides a mechanism to accelerate development and maximise growth. By utilising the uplift in business rates generated by development the EZ and investing it in priority schemes the EZ is a unique tool to drive economic success. The programme will unlock the major growth opportunities by removing barriers to development, creating a supportive environment for sustainability, investment and good place-making, job creation and growing the city and regional economy. It will be supported by a set of financial principles by which investment decisions to allocate EZ resources are made and robust governance arrangements to oversee the programme. The key areas for investment will be strategic site investment; infrastructure; and business support.

Purpose and Objective of the Board

The board will act as the primary authority for the implementation, governance, and management of the Birmingham City Centre Enterprise Zone Investment Programme.

To provide clear vision and strategic leadership to enable the delivery of the Birmingham City Centre Enterprise Zone Programme, to use the resources under its direction and engage with local stakeholders; West Midlands Combined Authority, government, government agencies and will provide a vehicle through which innovative funding and development mechanisms to drive major change and investment can be secured.

Scope

The remit of the EZ Partnership Board is to cover the full range of funding which may include grants, repayable grants, loans, and other forms of participation.

Decisions, within the agreed EZ Partnership Board delegation* level, as per the assurance framework, should be in the best interests of the EZ Investment Programme, follow the principles of HM Treasury Guidance as well as accepted best practice to ensure value for money is achieved. This also includes a commitment to include clawback or repayment of grant wherever possible to recycle funds. Decisions should also be in accordance with the EZ Assurance Framework, recognising the position of Birmingham City Council as the accountable body.

In respect of loans and grants, the remit of the EZ Partnership Board is to make decisions on all financial matters, subject to the accountable body's regulations and processes.

Project Pipeline

Support the development of a robust pipeline of potential projects for funding made available through the Enterprise Zone Programme.

Approve* Change Requests, Strategic Outline Business Case, Outline Business Case and Full Business Case for projects.

Undertake assessment and make decisions of the priority order for the additional pipeline projects and those identified in the latest approved EZIP.

Enterprise Zone
Assurance Framework
Board Membership

Support the development of a robust pipeline of potential projects for funding made available through the Enterprise Zone Programme.

The EZ Partnership Board will comprise of nine members.

- Four Private Sector members (one to chair).
- Leader of Birmingham City Council.
- Two non-Birmingham City Council Member representatives.
- Birmingham City Council S151 Officer; and
- Strategic Director of Place, Prosperity, and Sustainability, Birmingham City Council.

Observers

Cities and Local Growth Unit representative.

Members will advise the chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the board.

Deputies can attend on behalf of representatives where necessary but must be empowered to take decisions by the relevant authority.

Private Sector Board Members

To ensure continuity of knowledge and expertise the GBSLEP Programme Delivery Board private sector board members are invited to form part of the EZ Partnership Board.

Each private sector board member has a defined limit of three years, with an option to extend by three further years. There may be some exceptional circumstances in which short extensions are granted to incumbents. In those circumstances, a recommendation will be put to the board to extend the terms for a fixed period.

Succession planning is supported by having a broad structure that engages a diverse range of individuals from across key sectors.

When positions become vacant, they will be openly advertised with candidates invited to compliment and strengthen the board expertise and knowledge.

Quorum

For the meeting to be considered quorate, a minimum of five members must be present which must include the chair, Birmingham City Council S151 Officer/Deputy and at least one other private sector representative. In the absence of the chair another private sector representative will undertake this role.

The quorum will only apply to EZ Partnership Board meetings that involve either project investment decisions, other matters which have the potential to materially affect the financial position of the Enterprise Zone or recommendation of changes to the assurance framework.

Decision Making

Members of the board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting. It is an appropriate decision-making board for which evidence is provided through proper process including minutes, quorum, and declarations of interest to support its decision-making procedures.

Where quorate decisions cannot be made at a meeting, or if an urgent decision is required outside of the board meeting dates, these can be undertaken using Written Procedure. This will be by exception

and advance notice will be given of such requirement where possible. This will be carried out by sending an email to those members unable to attend the EZ Partnership Board or for where urgent decisions are required outside of the board meetings to all members giving a synopsis of the decision, asking for any comments, and requesting their response to indicate whether they approve it or not, usually within 5 working days. Members who have not responded by this date will be deemed as having approved any such decisions.

Such decisions will be reported at the next available meeting of the EZ Partnership Board.

Meetings

Meetings will typically be held 6-weekly. Should activity levels require, meetings will be held more/less frequently.

The papers provided to such meetings will be published in the Public Domain in advance of such meeting by at least 5 clear working days, expect to the extent that such information is exempt from publication in accordance with Schedule 12A of the Local Government Act 1972.

The decisions and 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 and actions.

Support to the EZ Partnership Board will be provided by the Programme Team.

Roles and Responsibilities

- Approve EZIP.
- Approve EZ Investments including change requests over £0.5m Revenue and £1m Capital*.
- Oversight of the EZ Programme Board.
- Oversee the delivery of EZIP.
- Monitoring and performance management of the EZ Programme.
- Ensure affordability of the programme.
- Annually review and approve the EZ Assurance Framework including Financial Principles.
- Be Aware of the EZ code of conduct – as detailed in the EZ Assurance Framework.
- Ensure promotion of EZ success and achievements; and
- As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions within its delegation*.

Monitoring and Reporting
Overlying Governance Principles

In all its activities the EZ Partnership Board will follow the principles and processes set out in the EZ Assurance Framework, adopting accepted best practice, and following the guidance set out by HM Treasury for the evaluation and risk assessment of projects and programmes.

Programmes in Delivery

- Receive and review updates (typically 6-weekly) on Enterprise Zone Investment, to include planned and actual milestone schedules, benefits realisation statuses, funding profiles, strategic issues, and risks, change requests) to make key decisions, and initiate corrective action when required.
- To receive, review and agree refreshes of the EZIP.
- Reallocate resources from projects within the existing programmes to maximise returns.
- In respect of Loans and Grant the EZ Partnership Board will initiate and manage actions that will protect the financial position of the Investment Programme which may include actions

such as, but not limited to the rescheduling of grant, grant forgiveness, adjustments to interest rates, swapping a grant interest for a participation interest and vice versa, appropriate recovery actions, including the use of formal and informal insolvency procedures, together with requests as may be appropriate for the registration of financial interest on behalf of the accountable body.

Terms of Reference

Terms of Reference will be reviewed annually by the EZ Partnership Board and approved as part of the EZ Assurance Framework.

*Requests for EZ funding are subject to affordability of funds and ratification through Birmingham City Council Gateway process if applicable.

Last Approved Version 3.1 Date   By Birmingham City Council Cabinet 14th May 2024

Appendix 2 – Enterprise Zone Programme Board Terms of Reference

Purpose of the Enterprise Zone

The EZ provides a mechanism to accelerate development and maximise growth. By utilising the uplift in business rates generated by development the EZ and investing it in priority schemes the EZ is a unique tool to drive economic success. The programme will unlock the major growth opportunities by removing barriers to development, creating a supportive environment for sustainability, investment and good place-making, job creation and growing the city and regional economy. It will be supported by a set of financial principles by which investment decisions to allocate EZ resources are made and robust governance arrangements to oversee the programme. The key areas for investment will be strategic site investment; infrastructure; and business support.

Purpose and the Objective of the Board

The board will monitor and oversee the delivery of the Enterprise Zone and Curzon projects to effectively implement the delivery of the EZIP.

Regular project/programme performance, change requests and project applications will be reported to this board to be approved within its delegation*, with all other applications to be considered, noted, and endorsed prior to formally being presented to the EZ Partnership Board.

Scope

The remit of the EZ Programme Board is to cover the full range of funding which may include grants, repayable grants, loans, convertible debt and other forms of participation.

Decisions, within the agreed EZ Programme Board delegation* level (as set out in the assurance framework), should be in the best interests of the EZ Investment Programme, follow the principles of HM Treasury Guidance as well as accepted best practice to ensure value for money is achieved. Decisions should also be in accordance with the EZ Assurance Framework, recognising the position of any relevant local authority terms of economic development, reputation, and financial regulations.

In respect of loans and debt, the remit of the EZ Programme Board would include, inter alia, adjustments to interest rates, recovery actions, together with requests as may be appropriate for the registration of financial interest on behalf of EZ by the accountable body, to protect the financial position of the Investment Programme specifically and public finances more generally.

A general provision will exist that the EZ Programme Board has the authority to enter commercial negotiations that lead to the best outcomes in terms of the EZ Investment Programme and its deliverables and expected outcomes.

Project Pipeline

- Support the development of a robust pipeline of potential projects for funding made available by the accountable body (Assess the feasibility and deliverability of these potential projects to support the ranking and prioritisation of schemes within the pipeline).
- Approve the Strategic Outline Business Case, Outline Business Case and Full Business Case for projects within its delegation* limits as set out in the assurance framework.
- Undertake assessment and make decisions of the priority order for the additional pipeline projects and those identified in the latest approved EZIP.

Enterprise Zone
Assurance Framework
Board Membership

The board will comprise of six members.

- Birmingham City Council Assistant Director Transportation and Connectivity (chair), voting.
- Head of Curzon and Enterprise Zone Development (vice chair), voting.
- Assistant Director of Development, voting.
- Major Developments Lead of Group and Capital Finance, voting.
- Legacy and Enterprise Zone Consultant Programme Manager, voting.
- Head of Project Delivery, voting.
- Finance Manager, (Adviser).
- Enterprise Zone Programme Manager, (Adviser); and
- Specialist theme leads, if required.

Members will advise the chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the board.

Deputies can attend on behalf of representatives where necessary but must be empowered to take decisions by the relevant authority.

Quorum

For the meeting to be considered quorate, a minimum of four voting members must be present which must include the chair and one of the accountable body's Senior Finance Officer (Major Developments Lead of Group and Capital Finance or Deputy). In the absence of the chair, the vice chair will take the meeting.

The quorum will only apply to EZ Programme Board meetings that involve either project investment decisions, other matters which have the potential to materially affecting the financial position of the Enterprise Zone or recommendation of changes to the assurance framework.

Decision Making

Members of the board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting. It is an appropriate decision-making board for which evidence is provided through proper process including minutes, quorum, and declarations of interest to support its decision-making procedures.

Where quorate decisions cannot be made at a meeting, or if an urgent decision is required outside of the board meeting dates, these can be undertaken using Written Procedure. This will be by exception and advance notice will be given of such requirement where possible.

This will be carried out by sending an email to those members unable to attend the EZ Programme Board or for where urgent decisions are required outside of the board meetings to all members giving a synopsis of the decision, asking for any comments, and requesting their response to indicate whether they approve it or not, usually within 5 working days. Members who have not responded by this date will be deemed as having approved any such decisions.

Such decisions will be reported at the next available meeting of the EZ Programme Board.

Meetings

Meetings will typically be held 6-weekly. Should activity levels require, meetings may be held more/less frequently.

Support to the EZ Programme Board will be provided by the Programme Team.

Roles and Responsibilities

- Regularly review the current EZIP and recommend its approval to EZ Partnership Board every two years as a minimum.
- Develop EZIP.
- Monitoring and performance management of the EZ Programme and EZ funded projects.
- Any key risks and issues on EZ project/programme delivery are either addressed and/or escalated to Birmingham City Council Capital Board and the EZ Partnership Board.
- Approve EZ investment decisions and change requests up to £0.5m Revenue and £1m Capital*.
- The EZ Programme Board will request project managers and specialist consultants to attend the meeting as and when required to provide detailed updates on projects.
- As required, oversee delivery of legacy funding programmes transferred from the GBSLEP, including investment decisions and change requests within its delegation*; and
- All decisions to be reported to the EZ Partnership Board.

Monitoring and Reporting
Overlying Governance Principles

In all its activities the EZ Programme Board will follow the principles and processes set out in the EZ Assurance Framework, adopting accepted best practice, and following the guidance set out by HM Treasury for the evaluation and risk assessment of projects and programmes.

In the absence of a general or specific delegation from the EZ Partnership Board the EZ Programme Board will refer the item to the EZ Partnership Board for guidance and if appropriate further delegation.

Programmes in Delivery

- Receive and review updates (typically 6-weekly) on Enterprise Zone Investment, to include planned and actual milestone schedules, benefits realisation statuses, funding profiles, strategic issues, and risks, change requests) in order to make key decisions, and initiate corrective action when required, matters which cannot be resolved, ensuring that expected outputs and outcomes are achieved.
- To receive, review and support refreshes to the EZIP, making recommendations to the EZ Partnership Board as may be appropriate, to assist the EZ Partnership Board in approving or seeking amendments to the proposed refreshes.
- Oversee delivery and implementation of the approved EZIP and the associated Governance Strategy, including the frequent and regular review and update of the Financial Model.
- Receive presentations on project progress and outcomes from project managers.
- Report progress on the Programme to the EZ Partnership Board.

Project Pipeline

- Support the development of a robust pipeline of potential projects for EZ funding (Assess the feasibility and deliverability of these potential projects to support the ranking and prioritisation of schemes within the pipeline)
- Approve Strategic Outline Business Case, Outline Business Case and Full Business Case for projects within the EZ Programme Boards's delegation* limits as set out in the assurance framework.
- Report the position in respect of the Project Pipeline to the EZ Partnership Board.

*Requests for EZ funding are subject to affordability of funds and ratification through Birmingham City Council Gateway process if applicable.

Enterprise Zone
Assurance Framework
Terms of Reference

Terms of Reference will be reviewed annually by the EZ Programme Board for recommendation for approval by the EZ Partnership Board and approved as part of the EZ Assurance Framework.

Last Approved Version 3.1 Date   By Birmingham City Council Cabinet 14th May 2024

Appendix 3 – Enterprise Zone Oversight Board Terms of Reference

The Terms of Reference for this board is under review. It has been agreed by the EZ Partnership Board to ensure efforts in providing the best level of service to support it with providing a further level of accountability when investing public funds, that the remit of the Oversight Board is considered alongside other complimentary and strategically important programmes. These programmes may include the West Midlands Investment Zone, and/or the East Birmingham and North Solihull Levelling Up Zone.

Once this review has been completed, the Terms of Reference will be updated.

Purpose and Objective of the Board

TBC

Scope

TBC

Board Membership

TBC

Quorum

TBC

Meetings

Frequency TBC

Support to the EZ Oversight Board will be provided by the EZ Programme Team.

Roles and Responsibilities

TBC

Monitoring and Reporting

TBC

Terms of Reference

TBC

Last Approved Version 2 Date   By Birmingham City Council Cabinet 14th May 2024

Appendix 4 – Enterprise Zone Project Assessment Panel Terms of Reference

Purpose of the Enterprise Zone

The EZ provides a mechanism to accelerate development and maximise growth. By utilising the uplift in business rates generated by development the EZ and investing it in priority schemes the EZ is a unique tool to drive economic success. The programme will unlock the major growth opportunities by removing barriers to development, creating a supportive environment for sustainability, investment and good place-making, job creation and growing the city and regional economy. It will be supported by a set of financial principles by which investment decisions to allocate EZ resources are made and robust governance arrangements to oversee the programme. The key areas for investment will be strategic site investment; infrastructure; and business support.

Purpose and Objective of the Panel

The purpose of the panel is to monitor and oversee the delivery of the Enterprise Zone and Curzon projects to effectively implement the delivery of the EZIP.

Support the development of a robust pipeline of potential projects for funding made available by the accountable body (Assess the feasibility and deliverability of these potential projects to support the ranking and prioritisation of schemes within the pipeline).

Scope

To receive and assess project summary proposals for the Birmingham City Centre Enterprise Zone Investment Programme pipeline for alignment to strategic principles and qualifying criteria.

Board Membership

The board will comprise of five members.

- Head of Curzon and Enterprise Zone Development (chair).
- Enterprise Zone Programme Manager.
- Assistant Director Development (vice chair).
- Legacy and Enterprise Zone Consultant Programme Manager.
- Enterprise Zone Consultant Programme Manager.
- Other relevant officers to attend as required.

Members will advise the chair of any change in role or responsibilities, so that may seek to take appropriate action to maintain the stakeholder representative nature and structure of the board.

Quorum

For the meeting to be considered quorate, a minimum of three members must be present which must include the chair or vice chair.

Where meetings are not quorate, decisions can be undertaken using Written Procedures if all those members who respond indicate support for the decision. Members who do not respond would be treated as having approved any such decisions.

Members of the board must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting.

Enterprise Zone
Assurance Framework
Decision Making

Members of the panel must disclose any personal or pecuniary interests they have in any matter to be discussed at that meeting. It is an appropriate decision-making board for which evidence is provided through proper process including notes, quorum, and declarations of interest to support its decision-making procedures.

Meetings

Meetings will typically be held 6-weekly. Should activity levels require, meetings may be held more/less frequently.

Roles and Responsibilities

- To review and consider requests for EZ funding.
- To review existing delivery commitment.
- Assess the impact of potential projects for EZ funding for inclusion on the pipeline, via analysis of:
    - Direct BRI growth i.e., projects to directly result in commercial office space that will generate business rates income within one or more of the 39 appointed EZ sites.
    - Indirect BRI growth i.e., projects that will enhance the appeal of the EZ and either attract or retain business within the EZ.
    - Potential Economic Impact (GVA).
    - Outputs, outcomes, and benefits; and
    - Alignment to EZ, BCC or WMCA Strategic Priorities.
- To maintain a schedule of pipeline projects.
- To prioritise pipeline projects based on their Economic Impact Appraisal score, with one being the highest.
    1. Project generates direct Business Rates Income Growth and is one of the 39 sites. Classification allows business rates income growth to be retained.
    2. Project generates indirect Business Rates Income Growth. It is not one of the 39 sites but will likely support or indirectly provide business rates income growth on the 39 sites.
    3. Project has the potential to have a high economic impact on the city. It is not one of the 39 sites but has the potential to be transformational, generate high GVA or create jobs.
    4. Project will likely only have low economic impact on the city. It is not one of the 39 sites and will unlikely be transformational, generate high GVA or create jobs.
- To group projects in the pipeline.
    - New - Newly identified EZ projects.
    - EZIP - EZ Investment Plan 2019 projects not yet committed/approved.
    - Committed - EZIP Committed projects and/or approved projects; and
    - Delivery/Completed - EZIP Completed projects and/or projects in delivery.
- To approve or reject project progression to Expression of Interest; and
- To report project assessments to the EZ Programme Board.

Monitoring and Reporting
Overlying Governance Principles

In all its activities the EZ Project Assessment Panel will follow the principles and processes set out in the EZ Assurance Framework, adopting accepted best practice.

Enterprise Zone
Assurance Framework
Project Pipeline

- Support the development of a robust pipeline of potential projects for EZ funding (Assess the feasibility and deliverability of these potential projects to support the ranking and prioritisation of schemes within the pipeline); and
- Report the position in respect of the Project Pipeline to the EZ Programme Board.

Terms of Reference

Terms of Reference will be reviewed annually by the EZ Programme Board for recommendation for approval by the EZ Partnership Board and approved as part of the EZ Assurance Framework.

Last Approved Version 2.2 Date   By Birmingham City Council Cabinet 14th May 2024

Appendix 5 – Enterprise Zone Financial Principles

	APPROVED FINANCIAL PRINCIPLE (27.06.2023)	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	INCOME/FUNDING		
1			A contribution of a minimum £3m of the annual net surplus is made to Birmingham City Council (BCC) in recognition of the inherent growth in the tax base whilst retaining the ability to invest in the city and continue to expand its economic reach and attraction. Where the annual net surplus exceeds £3m, the next £3m will be retained by the EZ. At the end of each year, a "true-up" would see a total of 50% of any net surplus that exceeds £6m transferred to BCC (to include the £3m) with the remainder being retained by the EZ. This amount to be calculated in arrears following close-down of the accounts. This calculation to commence from year 1 of the EZ and thus the cumulated balance (noting that £3m may not have been achievable each year) to be paid to BCC as affordable (subject to risk provisions and buffer as set out in FP2-12). The projections of this share to be reviewed and calculated on a 5-yr rolling basis. In any year where the annual net surplus is less than £3m, the whole amount will be transferred to BCC.
2	Income/Funding – 15% of the business rates income every year is ringfenced for uncertainties and the release of contingency kept under review on an annual basis. Where it is deemed financially beneficial to the EZ programme, the total surplus position, including contingency and surpluses built up in previous years, can be used to repay debt or fund future Capital spend depending on relevant interest rates. E.g., If past debt interest rates are higher than current/future borrowing rates then past debt should be repaid with equivalent amounts being borrowed for ongoing/future capital expenditure at the lower interest rate. If current/future rates are higher, then Revenue to be utilised to fund Capital Expenditure rather than borrowing. The impact of BCC's Treasury Management early debt repayments, if any, to be calculated and funded from surplus balances as part of paying off debt. This could include for example, penalties incurred as a result of early redemption of amounts borrowed.	**No change**	NA

	The level of maintained contingency will be reviewed annually subject to programme risk and current forecasting.		
3	Income/funding – financial commitments through borrowing will be monitored to endeavour they remain within total business rates income subject to Financial Principle 1. The model will continue to assess financial commitments through borrowing to endeavour they remain within 65% of the 85% total business rates income.	This test of affordability was more relevant to the programme in the earlier days when actual and forecast built up reserves for the medium term were minimal. A more appropriate measure, now that actual built-up reserves have been realized and forecast reserves are more significant, is to compare Prudential Borrowing Levels to an increased level of total secured income in year and to consider brought forward reserve's balances in future decision making where the use of reserves gives greater benefits to the programme than the retention of reserves.	Income/funding – financial commitments through borrowing will be monitored to endeavour they remain within total business rates income subject to Financial Principles 1 and 2. The model will test the financial commitments through borrowing to endeavour they remain within 70% of net business rates income in year. Net Business Rates Income is defined as Total Gross secured and committed Business Rates Income (Including compensatory section 31 Grants) less 18% deductions for losses and provisions for Appeals (5%), Bad Debts(4%) ,Business Rates Reliefs (4%) and, where applicable, Revaluation reductions (5%). For clarity Net Business Rates Income includes amounts set aside as 15% contingency balances. With reference to Financial Principle 2, a further affordability test will be applied to consider the brought forward reserves position. This will inform ongoing and future investment decisions making best use of total available resources. This second test is to ensure sufficient contingencies and reserves remain in place to manage all risks and opportunities in delivering the EZ programme.
4	Income/funding – 13% of **gross** business rates income is ringfenced to account for circumstances such as bad debts (4%), appeals (5%), rate relief and future rate rises (4%).	**No change**	NA
5	Income/funding - 5% of **gross** business rate income is ringfenced to mitigate a potential loss of Business Rates income, during Valuation Office Rate Reviews, is incorporated into the EZ model.	**No Change**	NA
6	Income/funding - Quarterly forecasting of EZ site developments will take place to ensure the Business Rate profiles are accurate and robust.	**No Change**	NA
7	Income/funding – For completed projects, a 6-month lead-in time for receipt of business rates will be utilised, except for complex projects (3 storeys and above) where it will be a 12-month lead-in time.	**No Change**	NA
8	Income/funding - The availability of contingency funding to support programme delivery will be reviewed throughout the year with a formal review at least annually.	**No change**	NA

Enterprise Zone

Assurance Framework

9	Income/funding - only secured and committed business rates income should be included. Definitions: • Secured - business rates paid or legally due. • Committed - Construction on site or guaranteed via legal agreement, business rates reasonably secure. • Uncommitted - Development not yet started, business rates not secure.	**No change**	NA
10	Income/funding - On a case-by-case basis (Development Funding for Outline Business Case and Delivery Funding for Full Business Case) the model to be tested for affordability prior to making investment decisions.	**No change**	NA
11	Income/funding – Gross Uncommitted business rates income is deducted from gross BRI **after** provisions and allowances when calculating annual revenue to offset against expenditure.	**No change**	NA
12	Income/funding - Interest earned on retained Business Rates Income (the Contingency) is to be ringfenced for EZ programme commitments (subject to Financial Principle 27).	**No change**	NA
13	Income/funding - any EZ project investment surplus is to be returned to the EZ programme.	**No change**	NA

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	COSTS		
14	Costs - Interest charges for local authority assets are rolled-up to match cost income cash flows. i.e., interest on borrowings is capitalised for each capital project during construction	**No change**	NA
15	Costs - All EZ expenditure must comply with Birmingham City Council accounting and debt repayment policies.	**No change**	NA
16	Costs - any capital project costs not yet approved (OBC) to be profiled into the final EZ programme year 2045/46	**No change**	NA
17	Costs - a proportion of Programme Delivery Team costs are to be included in-line with those included for BCC EZ Programme Delivery Team costs.	**No change**	NA
18	Costs – EZ Programme Delivery Team costs may be capitalised rather than treating as Revenue, where they can be identified with specific capital projects.	**No change**	NA

Enterprise Zone

Assurance Framework

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	BORROWING		
19	Borrowing - All borrowing is repaid within the life of the Enterprise Zone Programme.	**No change**	NA

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	GOVERNANCE		
20	Governance – all financial principles and assumptions are to be approved by the EZ Partnership Board, in conjunction with BCC s151 Officer (or deputy) and approved by BCC Capital Board and governance process as dictated by the materiality of the change.	**No change**	NA
21	Governance – in-year income and expenditure, capital and revenue, are updated with actuals at least quarterly providing such information has been received by BCC by relevant delivery partners and agencies.	**No change**	NA

	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
	AFFORDABILITY		
22	Affordability - the affordability of new projects on the EZ financial model and Enterprise Zone Project Pipeline (10 year rolling programme) as well as changes to existing projects to be assessed for each of the years remaining in the current EZIP (i.e., up to 2027/28)	**No change**	NA
23	Affordability – the affordability of the EZIP (current) included in the EZ financial model to be assessed annually, for all years (i.e., up to 2045/46) using latest estimated timing for each project and for BRI commitments.	**No change**	NA
24	Affordability – where there is insufficient BRI in a year to fund programme borrowing repayment costs and revenue costs incurred, planned capital and revenue project costs will be reduced to 'break-even', or move to surplus, in that year. These actions will continue and will be the primary response to such an occurrence where foreseen. Should unforeseen reductions in BRI cause a shortfall in-year that cannot be managed by in-year spend reductions, then BCC will be requested to underwrite the costs in that year. Notice of this forecast position or risk thereof will be made to BCC Capital Board and to Cabinet (where material) as part of the capital monitoring report. Where the in-year or short-term position could be managed and reduced to break-even in-year, yet that would impact on performance and	**No change**	NA

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	EXISTING FINANCIAL PRINCIPLE	RATIONALE FOR CHANGE	PROPOSED FINANCIAL PRINCIPLE
AFFORDABILITY			
	outcomes, then BCC may choose to apply alternative sources of funding or to request a loan facility to the EZIP from BCC. In all instances of the EZ being in deficit, the first call on all income will be the repayment of BCC borrowing including interest and reimbursement of any repayable alternative sources applied.		

Financial Principles

Financial principles will be reviewed annually by the EZ Partnership Board and approved as part of the EZ Assurance Framework.

Last Approved Version 4 Date   By Birmingham City Council Cabinet 14th May 2024

Appendix 6 – Enterprise Zone and Legacy Programme's Change Management Policy

Purpose

1. This document details the process that Birmingham City Council will follow to manage change on EZ and Legacy funded projects. The Change Management Policy has been developed within the EZ Assurance Framework. All future documents, procedures, codes of practice, forms or guidelines related to change management are developed in line with this policy.

2. It is not unusual for circumstances to alter in such a way that a project can no longer be delivered as originally agreed, impacting project cost, schedule and/ or outputs/outcomes. The change control process is the process through which all requests to change the approved baseline of a project, are captured, evaluated, and then approved, rejected, or deferred. In the event of a variation to a project's cost, schedule and/or outputs/outcomes the variation must be reported to the EZ Programme and/or the Partnership Boards. Usually, this will take the form of a formal change request which will be considered by the appropriate board.

3. Understanding variations on individual projects within the overall programme is integral to successful programme management and ultimately the delivery of the benefits expected from the programme.

4. These variations include when grant funding will be utilised by projects, to ensure programme expenditure targets are not impacted through individual project changes.

5. Additionally, changes to individual projects may create a reputational risk to the programmes, which would need to be managed and may impact on delivery of other projects within other programmes.

6. For the avoidance of doubt, where EZ funds/funding is referenced, this also cover Legacy funds.

The Change Process

7. Throughout the development of a project, the Project Manager will work with the EZ Programme Management Team. Any changes to the proposed project – from development funding to Full Business Case will be managed by the Programme Management Team in a proportionate way. This may be through meetings or discussions to understand what changes are proposed and what their impact on delivering the proposed project will be.

8. On approval of the EZ funding, allocations are committed to a project and the formal Change Management Process comes into effect. The Programme Management Team will notify the Project Manager of the Change Management Policy.

9. In accordance with the Scheme of Delegation (Appendix A) should a variation occur on a project, the Project Manager must notify the EZ Programme Management Team at the earliest opportunity.

10. At this point, the EZ Programme Management Team will advise the Project Manager what action needs to be taken in accordance with the Change Management Policy.

11. Effective handling of change requests is critical to the management of the programme. The thresholds make clear where responsibility lies for these decisions, providing a balance between the need for scrutiny and swift action.

12. Where a major change is requested, which has a significant impact, approval is required from the relevant EZ decision making board in accordance with the Scheme of Delegation (Appendix A).

13. In exceptional circumstances, contracted projects may, have their funding withdrawn and reallocated elsewhere within the programme, with approvals as per the Scheme of Delegation (Appendix A).

14. This is likely to be an exceptional event where, following detailed discussion between the EZ Programme Management Team and the Project Manager, a project can no longer deliver the planned benefits within an agreed timeframe, or can no longer be expected to deliver the agreed outcomes because of a change in external circumstances, often beyond their control.

Recording Change

15. There are several ways of reporting and recording changes to projects depending on the nature of the change. The Project Management office will advise on the most appropriate method to take. Reporting and recording change can take one or more of these forms:

    i. Project Management Reports (PMR) – this is how Project Managers report, on a quarterly basis, on the progress and status of their project. All variations should be recorded by the project with the next submission of the PMR. This includes changes that may not require the formal change process, i.e., slippage across quarters but not financial year.

    ii. File Notes – minor variations to the agreed project parameters as outlined in Appendix A should be clearly recorded as a change to what was agreed in the Business Case and Grant Agreement. In these instances, following notification by the Project Manager of the change, the Programme Management Team will produce a File Note and send it to the Project Manager.

    iii. Change Requests – where changes will affect the outputs/ outcomes, time and/or cost of the project, the Project Manager will need to notify the Programme Management Team and submit a formal change request. This document will detail the change and enable the Programme Management Team to consider the effect of the change to the project and its impact on the programme and determine a recommendation for the EZ Programme and/or Partnership Board to consider its approval.

    iv. Exception Report – where a project has experienced more significant change, an Exception Report will be presented to the EZ Programme and/or Partnership Board for consideration.

    v. Contract Variation – Once the project is in contract, i.e., a signed Grant Agreement or Service Level Agreement is in place, all approved change requests will also need to be supported by a variation to contract. This will be done via a Deed of Variation to the Grant Agreement or Variation to the Service Level Agreement.

16. The Programme Management Team will work to support projects to manage and control change in order that they are able to meet the delivery of their projects in the most timely and cost-effective way, to deliver the agreed outputs and outcomes.

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Appendix A – Scheme of Delegation

Type of Project Variation	Scale of Variation	Action Required	Decision Maker
Cost	A decrease in the total cost of the project and reduction in the amount of the funding to be drawn down by the project of less than 10% of the EZ Funding and to a maximum of £100,000.	Report the variation via email and record in the PMR. Programme Management team officer to produce Project File Note and report change to EZ Programme Board.	N/A
	A decrease in the total cost of the project and reduction in the amount of the funding to be drawn down by the project of more than 10% of the EZ Funding or greater than £100,000, whichever is the lower.	Submit a Change Request	EZ Programme Board
	A decrease in the total cost of the project and a request to re-allocate the unused funding (up to 10% of the EZ Funding and to a maximum of £100,000, whichever is the lower) to increase the scope and benefits of the project.	Submit a Change Request	EZ Programme Board
	A decrease in the total cost of the project and a request to re-allocate the unused EZ funding (more than 10% of the funding and above £100,000) to increase the scope and benefits of the project.	Submit a revised Full Business Case for reappraisal.	EZ Programme / Partnership Board
	An increase in the total cost of the project without impact to the agreed EZ funding for the project, the outputs/ outcomes or project completion.	Record in the PMR.	N/A
	An increase in total cost of the project that cannot solely be covered by an increase in match funding, resulting in a request to increase the EZ funding allocation by less than 10% of the original grant and to a maximum of £250,000, whichever is lower*	Submit a Change Request	EZ Programme Board
	An increase in total cost of the project that cannot solely be covered by an increase in match funding, resulting in a request to increase the LEP funding allocation by more than 10% of the original grant or greater than £250,000, whichever is lower*	Submit a revised Full Business Case for reappraisal.	EZ Programme / Partnership Board
	In instances where the EZ's funding contribution does include part of the contingency allocation, the case must be made by the Project Manager to access the contingency funding up to the agreed amount.	Submit a Change Request	EZ Programme Board
Time/ Schedule	Slippage of milestones with no effect on completion date, output/outcomes delivery dates and/or the grant claim profile.	Record the variation in the PMR	N/A
	Slippage of milestones which only effects the outputs/outcomes delivery dates across financial years.	Submit a Change Request	EZ Programme Board
	Slippage of milestones which effects the completion date and/or the grant claim profile, across financial years of less than 10% of EZ funding.	Submit a Change Request	EZ Programme / Partnership Board

	Slippage of milestones which effects the completion date and/or the grant claim profile, across financial years of more than 10% of EZ funding.	Submit a Change Request	EZ Programme / Partnership Board
Outputs/ Outcomes	An increase in the outputs and outcomes of the project.	Record in the PMR	N/A
	A decrease of up to 5% in the original individual approved outputs and outcomes of the project.	Submit a Change Request	EZ Programme Board
	A decrease of over 5% in the original individual approved outputs and outcomes of the project.	Submit a Change Request	EZ Partnership Board
Grant Recipient	Transfer of funding agreement from one grant recipient to another.	Submit a Change Request	EZ Partnership Board

*Requests to increase EZ funding is subject to affordability of funds and ratification through Birmingham City Council Gateway process if applicable.

Change Policy

This policy will be reviewed annually by the EZ Programme Board for recommendation for approval by the EZ Partnership Board and approved as part of the EZ Assurance Framework.

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