



East Birmingham and North Solihull Levelling Up Zone update

October 2023

Background

- Birmingham City Council has set out an ambitious but deliverable set of plans for the ongoing transformation of our city. These reflect the different opportunities and challenges our communities face across the city. Our Future City Plan, the Birmingham Innovation Quarter prospectus and the East Birmingham Inclusive Growth Strategy show clearly the different approaches to public and private investment that we need to deliver tangible benefits to residents.
- For many parts of our city further improvements to public transport are key to improving access to jobs, services and opportunities to learn new skills. Private sector investment in the city centre and, increasingly, in the surrounding areas identified in the OFCP, needs to be accompanied by large scale public investment in transport if our communities in the east and north of the city in particular are going to benefit.
- Over the past year we have been working closely, with colleagues in Solihull, to identify how the public investment needed could be unlocked. This work led to the development of the Levelling Up Zone proposal. The core idea is to bring together a group of sites in East Birmingham and use future business rate growth to help finance the infrastructure needed to make that growth happen, as the same time as reforming priority public services to ensure residents benefit. This proposal became a core element of the Deeper Devolution Deal and was accepted by government, subject to further detailed work.
- Over the same period, government has developed its Investment Zone policy. This is aimed at landmark large sites that can drive productivity, R&D, regional GVA and supply chains in priority sectors, focusing on private sector investment.
- Our aim is to ensure we use both to maximise the benefits to the city and our contribution to the wider West Midlands.

Levelling Up Zones (aka Growth Zones)

Geography and sites: In the DDD Government agreed to work with the West Midlands to develop up to six 'Levelling Up Zones or Growth Zones.' Government was initially seeking large, single sites, as it makes operating the business rate retention system easier although this does not reflect the reality of the West Midlands geography and to work Levelling Up Zones needs to include groups of smaller sites and a larger number of sites.

Business rate retention: Government have offered 25 year business rate retention above baseline on the same basis as for the existing Enterprise Zone. This is key to the zones working, as the aim is to use the BRR to finance the additional infrastructure needed to drive growth and benefit local people.

Next steps: Negotiation ongoing with government on rules around LUZs such as how many sites can harness business rate growth retention

Emerging West Midlands proposition:

- EBNS
- Metro extension corridor (Dudley and Sandwell)
- Walsall (Willenhall rail / road corridor)
- Wolverhampton Green Innovation Corridor
- Possibly Coventry sites, depending on IZ and Gigapark

Investment Zones

Government published its Policy Prospectus in March 2023:

Geography: The West Midlands IZ covers the whole WMCA geography, but with identified sites benefiting from a range of incentives (see below)

Sector: Must focus on primary economic sector which aligns with a government defined priority sector, but opportunity to define broadly a genuine economic logic/intersection. WMCA Board agreed Advanced Manufacturing (June meeting), with a focus on the advanced engineering clusters identified in the West Midlands Plan for Growth.

Innovation Focussed: IZ must be innovation and R&D focussed with links to universities

Sites: Large, 200 ha, strategic, underdeveloped sites, avoiding displacement, demonstrating private sector investment, and meeting 'levelling up' to accommodate significant development/growth opportunities where funding and tax incentives applied

Process and Timetable: Propositions expected to be led by combined authorities, co-developed with local authorities and research institutions and DLUHC. Series of 5 Government gateways with likely announcements at the Autumn and Spring fiscal events.

Investment Zones in more detail

Incentives: Government is making available an additional £80m funding over five years, which can be flexibly applied between spending and five-year tax incentives. Government is allowing the following tax incentives to be funded from the £80m on up to 3 x 200 ha sites:

- Stamp Duty Land Tax relief for land and buildings bought/developed for commercial use;
- business rates 100% relief on newly occupied business premises;
- Enhanced 100% first year Capital Allowance,
- Enhanced Structures and Buildings Allowance Accelerated relief
- Employer NIC

If it is not used to fund any tax incentives, then the £80m is to be 40:60 between revenue and capital. This would allow, for example, skills provision for an anchor investor or employment services to be funded to help people into jobs in the relevant sector. The capital element could fund infrastructure (although it is a very small amount). If the full tax incentives are taken up, then Government will make £35m available on a similar basis.

Business Rate Retention: Government have said that up to two sites can be designated to retain 100% of business rate growth above baseline for 25 years above baseline, free from resets, to be reinvested in the primary sector. This does not preclude site infrastructure.

East Birmingham & North Solihull Levelling Up Zone

This is our proposal for a new approach for East Birmingham and North Solihull. Holistic intervention in the area will be underpinned by a 25-year business rates retention model that will unlock significant public and private investment in infrastructure to power jobs, new commercial development and housing.

Through an integrated plan for the area as a whole we will increase employment opportunities and improve outcomes including for health in an area with the largest concentration of deprivation in the UK.

Our approach has been developed jointly by WMCA, Birmingham City Council and Solihull Metropolitan Borough Council. There is clear alignment and agreement across the Mayor and Local Authorities, which crosses across party lines to enable delivery at pace in one of the UK's priority areas.

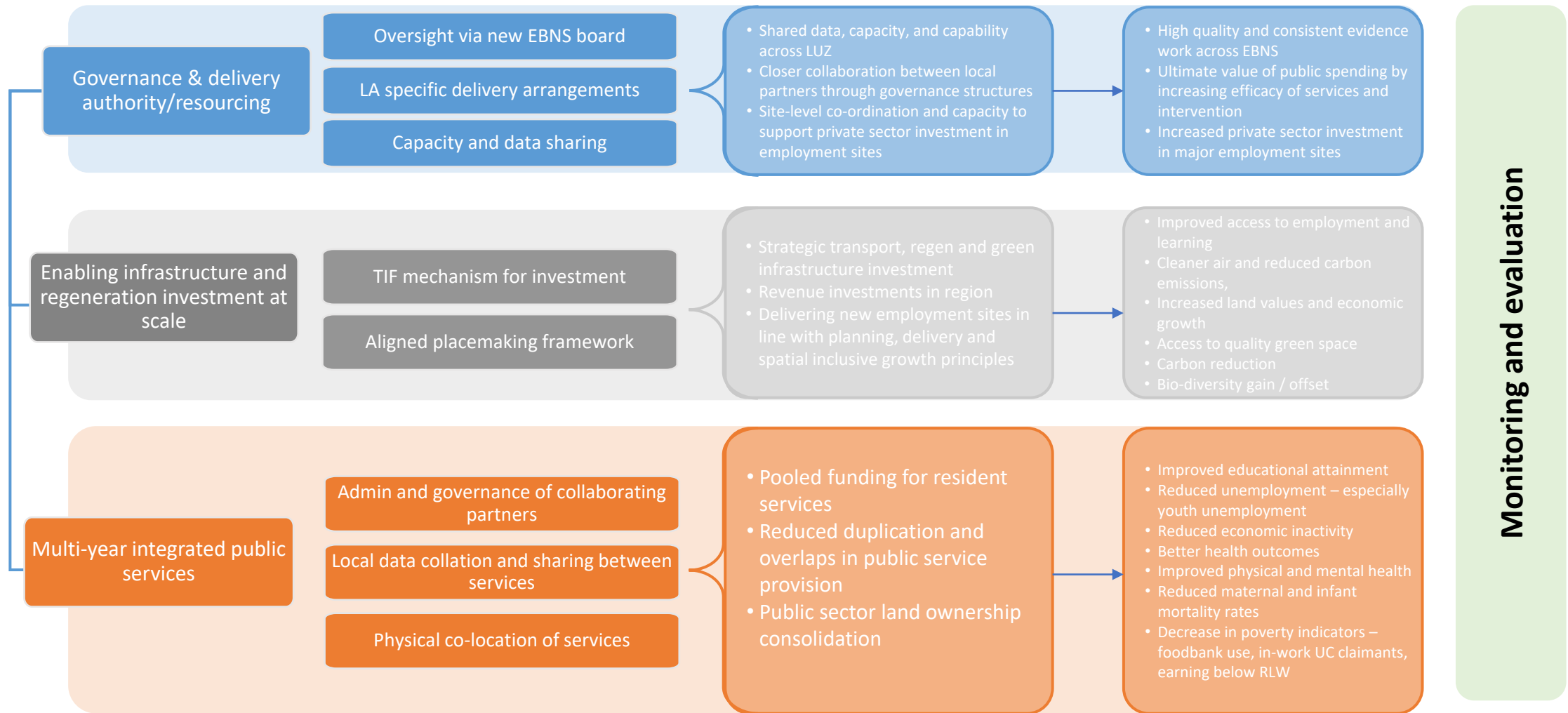
The proposals build on over a decade of work by the East Birmingham Board, North Solihull Partnership and a wide range of partners.

Pillars of interventions

The integrated approach will be a demonstrator for government's levelling up commitment, bringing together a suite of interventions designed to deliver local transformation. Interventions revolve around three pillars of work:

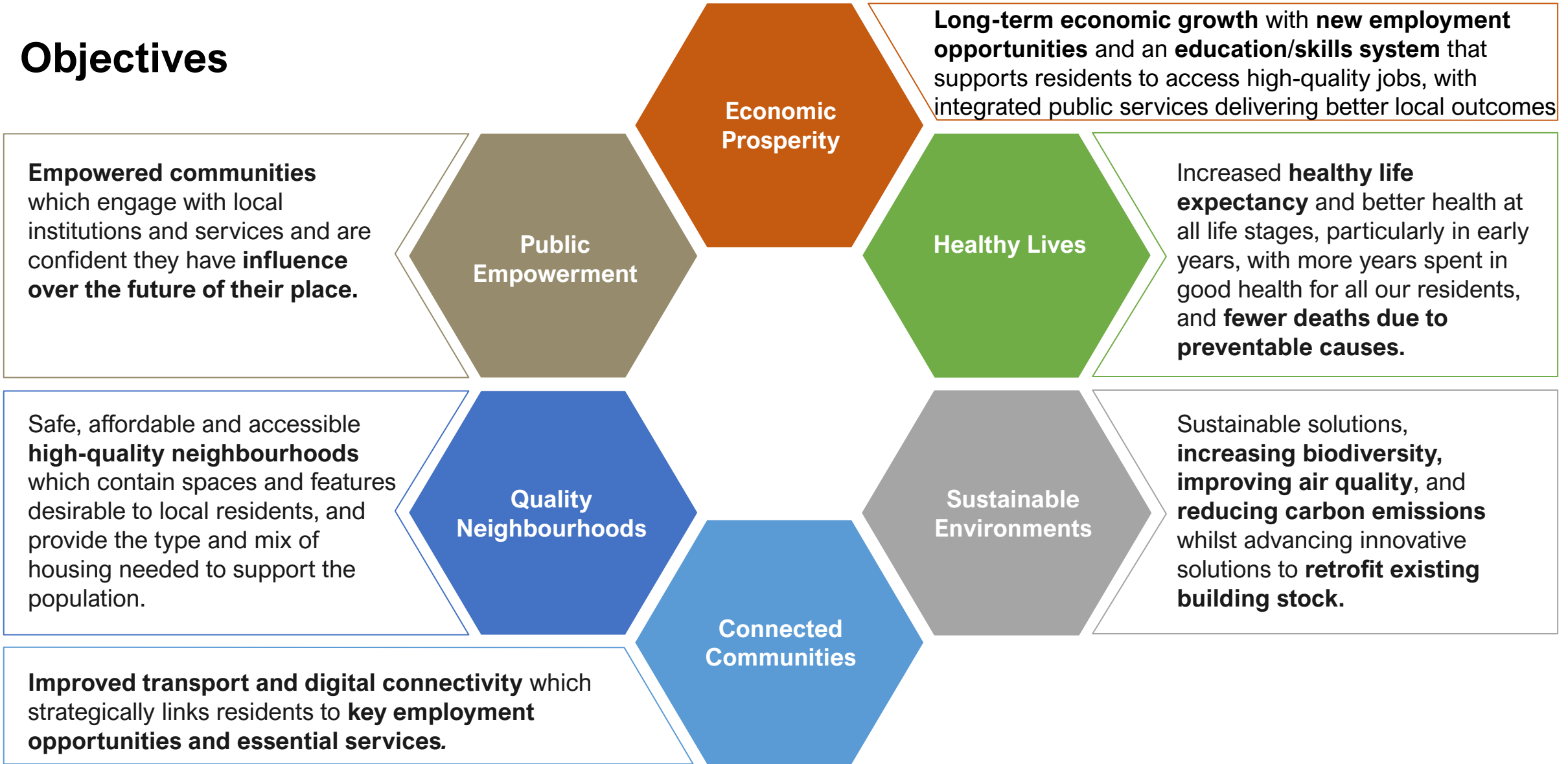
- **Governance and Capacity.** Building local capacity to deliver and oversee interventions, through a bespoke governance model.
- **Infrastructure and Regeneration.** Effective and high-impact public investment unlocked in order to effectively crowd in private sector investment at scale needed to drive and sustain growth, led by specific sites and improved transport connectivity key to faster and deeper growth
- **Public Services.** Improved public services will ensure local people can benefit from new jobs, and that businesses have a ready supply of skilled people, and key indicators for people's health and well-being are improved

A new co-ordinated approach



Monitoring and evaluation

Objectives



Next Steps: Preparing to implement the EBNS LUZ

Initiation

April – Sept 2023

Initial steps to prepare for mobilisation, including establishing a project team, defining a scope for mobilisation, and establishing ways of working. Also refining Growth Zone sites.

Mobilisation

Oct 2023 – March 2024

Preparatory activities leading up to implementation of the EBNS LUZ model, with key decisions and direction-setting. Further scoping of public service component.

Begin delivery

April 2024

Establishment of the LUZ governance structure and beginning to accelerate site delivery whilst BRR period commences.