

GREATER BIRMINGHAM & SOLIHULL SUPERVISORY BOARD

**Thursday 20 June 2019 at 14:00
Ellen Pinsent Room, Council House, Victoria Square, Birmingham**

AGENDA

| | | |
|-----|---|------------------|
| | <u>PART I – OPEN ITEMS</u> | |
| | (Open to the Press and Public) | |
| 1. | Welcome and Apologies for Absence By GBS LEP Director | |
| 2. | Notes of the last meeting on 11th April and matters arising | Attached |
| 3. | Election of the Chair | Verbal |
| 4. | Election of the Deputy Chair | Verbal |
| 5. | Appointment of the Secretary | Verbal |
| 6. | Membership and substitute members for 2019/2020 | Attached |
| 7. | Notification of any declarations of interest | Verbal |
| 8. | Ratification of decisions taken by written procedure | To follow |
| 9. | Growth Programme Investment Decisions a. Quantum Technology Innovation Hub b. Construction Skills c. Cannock Chase Engineering Academy d. The Outpost e. A38 Bromsgrove f. Churchfields Urban Village Highway Infrastructure | Attached |
| 10. | Growth Programme Pipeline Prioritisation | Attached |
| 11. | Enterprise Zone Investment Plan | Attached |
| 12. | Plan 10,000 Plus | Attached |
| 13. | GBSLEP Operational Budget 2019/2020 | Attached |
| | Day and Time of Meetings <ul style="list-style-type: none">• 8th August, 14:00• 10th October, 14:00 | |
| | PART II – EXEMPT ITEMS NIL | |

Greater Birmingham & Solihull Supervisory Board

11th April 2019 at 14:00 hrs

Conference Room, Baskerville House, Cambridge Street, Birmingham B1 2ND

PRESENT

Cllr Mike Wilcox (Chair) – Lichfield DC
Cllr Brigid Jones – Birmingham CC
Cllr Ian Courts – Solihull MBC
Cllr Geoff Denaro – Bromsgrove DC
Cllr Matt Dormer – Redditch BC
Cllr Marcus Hart – Wyre Forest
Cllr Richard Grosvenor – East Staffordshire DC
Cllr George Adamson – Cannock Chase DC

APOLOGIES

Cllr Ian Ward – Birmingham CC
Cllr Bob Sleigh – Solihull MBC

IN ATTENDANCE

Tony McGovern – Cannock Chase DC
Andy O'Brien – East Staffordshire DC
Andrew Barratt – Tamworth BC
Ian Miller – Wyre Forest DC
Clive Heaphy – Birmingham CC
Katie Trout – GBSLEP
Nick Glover – GBSLEP
Peter Jenion – GBSLEP (notes)

| | |
|------------|---|
| 1. | Welcome and apologies for absence |
| | Cllr Mike Wilcox welcomed all present and noted apologies as listed above. |
| 2. | Declaration of Conflicts of Interest |
| | No declarations of conflicts of interest were received |
| 3. | Notes of the last meeting on 14th January 2019 and matters arising |
| 102 | RESOLVED: |
| i | The minutes of the meeting on 14 th January 2019 were approved as an accurate record. |
| 3. | Ratification of the decisions taken by written decree |
| | Nick Glover presented this item |
| | Cllr Bush declared a non-pecuniary interest in this item. |
| 103 | RESOLVED: |
| i | The Supervisory Board noted and endorsed the decision of the 21st December 2018, which was to note the approval the capital grant of £2,407,000 (two million, four hundred and seven thousand pounds) of Local Growth Fund (LGF) to Worcestershire County Council for the delivery of the Kidderminster Railway Station Building and Forecourt Redevelopment project; |
| ii | The Supervisory Board noted and endorsed the decision of the 21 st December 2018, which was to note the conditionally approved the capital grant of £1,840,000 (one million and eight hundred and forty thousand pounds) of Local Growth Fund and capital loan of £2,500,000 (two million and five hundred thousand pounds) of Revolving Investment Fund to Redditch Borough Council for the delivery of the Redditch Gateway project, subject to a satisfactory Full Business Case and the availability of funding. |
| 4. | Pilot Innovation Project |
| | Katie Trout presented this item |
| 104 | RESOLVED: |
| i | The Supervisory Board noted the approval of £173,500 of SEP Enabling Fund revenue for a one-year pilot innovation programme to stimulate and support higher levels of business innovation in key growth industries. |
| 5. | Growth Hub Next Phase |

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|------------|---|
| | Katie Trout presented this item. |
| 105 | <p>RESOLVED:</p> <ul style="list-style-type: none"> i The Supervisory Board noted the approval the Growth Hub Next Phase Business Plan 2019-22 (Appendix 1); ii The Supervisory Board noted the progression of the LEP's bid for £2.14m ERDF to full application stage with the LEP as applicant and accountable body for the funding with an additional allocation of £400,000 SEP Enabling Funds as part-match; and iii The Supervisory Board noted that delegated authority to approve the full ERDF application has been granted by the LEP Board to the Chair in consultation with the LEP Director. |
| 6. | Assurance Framework Revisions |
| | Nick Glover presented this item |
| 106 | <p>RESOLVED:</p> <ul style="list-style-type: none"> i The Supervisory Board noted the publication of the National Local Growth Assurance Framework; and ii Noted the approval of the revisions of the GBSLEP Assurance Framework, which ensure GBSLEP is compliant, including: <ul style="list-style-type: none"> a. The approach to managing contracts within the Financial Controls Policy; b. The approach to managing risk in the Risk Management Strategy; c. The approach to publishing financial information; d. The term limits on the Chair and Deputy Chair, and the approach to recruitment and succession planning; e. The Induction & Training Policy for Non-Executive Directors and Executive staff; f. The Record and Document Retentions Policy; g. The process for making decisions by written procedure; and h. A statement on regional roles and responsibilities iii Noted the delegation of authority for any final changes, specifically to the statement on roles and responsibilities to the Chair, in consultation with the GBSLEP Director. |
| 7. | Future Operating Model |
| | Katie Trout presented this item |

| | |
|------------|---|
| 107 | RESOLVED: |
| i | The Supervisory Board noted the approval of the GBSLEP Board on 27th March 2019 for GBSLEP Ltd to become a fully independent, operating company. |
| ii | The Supervisory Board thanked Cllrs Sleigh and Adamson for their significant roles in developing the Future Operating Model. |
| 8. | Paradise Circus Update |
| | Russell Eacott presented this item |
| 108 | RESOLVED: |
| i | The Supervisory Board noted the matters considered by the GBSLEP Board on 27 th March 2019 and the update in meeting the funding conditions set out by the LEP Board in December 2018. |
| ii | The Supervisory Board noted the update as of the 5 th April 2019 on meeting the conditions after the Board meeting. |
| iii | The Supervisory Board noted the approval on the 5 th April 2019 by the Chair in consultation with the Deputy Chair and LEP Director that the conditions had been met. |
| 9. | Project Approval Report – Symphony Hall |
| | Russell Eacott presented this item |
| 109 | RESOLVED: |
| i | The Supervisory Board noted the approval of the capital grant of £6,000,000 (six million pounds) of Local Growth Fund funding to Performance Birmingham Limited for the delivery of the Symphony Hall Extension project. The decision was made by the Programme Delivery Board under delegated authority and in accordance with the GBSLEP Assurance Framework. |
| 10. | Any other Business |
| | <p>The Supervisory Board thanked Nick Glover, who will shortly be leaving the GBSLEP Executive to work for the West Midlands Growth Company, for his work in facilitating the Supervisory Board.</p> <p>The Board noted that Cllr Bob Sleigh will be stepping down as Leader of Solihull MBC and thanked him for his significant contribution to the economic development of the region</p> |
| | The meeting concluded at 14:30 |

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CHAIRMAN

Report to the Greater Birmingham and Solihull Supervisory Board

20 June 2019

Membership & Nominated Substitutes of the Supervisory Board for 2019/20

1. Purpose of the Report

- 1.1 To note the updated membership of the Supervisory Board following the new appointments made by the nine Local Authority members' respective Authorities for the municipal year 2019/20.

2. Recommendations

Members are asked to:

- 2.1 Note the membership of the Supervisory Board as set out below.

3. Background

- 3.1 The Supervisory Board was established on 28th March 2014. An updated list of membership (including substitute members) is provided below following the appointments made by the nine LEP local Authorities for the municipal year 2019/20 and is for noting and providing any update if required.

BIRMINGHAM

Councillor Ian Ward (Voting)

Councillor Brigid Jones (Substitute voting Member)

BROMSGROVE

Councillor Karen May (Voting)

Councillor Geoff Denaro (Substitute voting Member)

CANNOCK CHASE

Councillor George Adamson (Voting)

Councillor Tony Johnson (Substitute voting Member)

EAST STAFFORDSHIRE

Councillor Duncan Goodfellow (Voting)

Councillor George Allen (Substitute voting Member)

LICHFIELD

Councillor Douglas Pullen (Voting)

Councillor Iain Eadie (Substitute voting Member)

REDDITCH

Councillor Matthew Dormer (Voting)

Councillor David Thain (Substitute voting Member)

SOLIHULL

Councillor Ian Courts (Voting)

Councillor Robert Sleigh OBE (Substitute voting Member)

TAMWORTH

Councillor Jeremy Oates (Voting)

Councillor Daniel Cook (Substitute voting Member)

WYRE FOREST

Councillor Graham Ballinger (Voting)

Councillor Fran Oborski (Substitute voting Member)

Prepared by: Helen Harper
GBSLEP Growth Support Team Leader

Contact: helen.harper@gbslep.co.uk
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Date Created: 12th June 2019

Report to the Greater Birmingham and Solihull Supervisory Board

20 June 2019

Growth Fund Investment Decisions

1. Purpose of the Report

- 1.1. To notify Supervisory Board of GBSLEP Growth Programme investment decisions in the period since the last meeting

2. Recommendations

For the Supervisory Board to note the approval of the following LGF investment decisions made in accordance with the Assurance Framework:

- Quantum Technology Innovation Hub – University of Birmingham – Outline Business Case approved by Programme Delivery Board on 29 May 2019 for Programme level entry and conditional allocation of £3,021,000 Local Growth Fund (LGF)
- Construction Skills for Work Readiness – Solihull College and University Centre - Outline Business Case approved by the GBSLEP Director on 30 May 2019 for Programme level entry and conditional allocation of £331,501 LGF
- Cannock Chase Engineering Academy – South Staffordshire College - Outline Business Case approved by the GBSLEP Director on 30 May 2019 for Programme level entry and conditional allocation of £500,000 LGF
- The Outpost Creative Skills Hub - Solihull College and University Centre - Outline Business Case approved by the GBSLEP Director on 05 June 2019 for Programme level entry and conditional allocation of £427,138 LGF
- A38 Bromsgrove Major Scheme – Barley Mow Junction - Full Business Case noted by the Programme Delivery Board on the 29 May 2019 after LEP Director conditional approval of £115,227 LGF.
- Churchfields Approval of £1,578,276.46 (one million, five hundred and seventy-eight thousand, two hundred and seventy-six pounds and forty-six pence) to Worcestershire County Council for the delivery of the Churchfields Urban Village Highway Infrastructure project in Kidderminster. The decision was made by the GBSLEP Director under the delegated authority and in accordance with the GBSLEP Assurance Framework.

3. Background

- 3.1. The above projects have been developed by the respective project sponsors and independently appraised in line with the GBSLEP Assurance Framework.
- 3.2. Five projects were included in the recent pipeline prioritisation process and all scored over 20 (except the A38 Bromsgrove Major Scheme which scored 18) making them Priority projects in the LGF Programme pipeline prioritisation.
- 3.3. Individual project reports are attached as appendices.

4. Financial Implications

- 4.1. There is sufficient funding allocated currently in the LGF programme for the projects above but the norm has been to over-allocate on the programme. The report on pipeline prioritisation (elsewhere on your agenda) covers the points regarding moving from conditional funding to contracted.

5. Legal Implications

- 5.1. Four projects are conditional on submission of a Full Business Case prior to final investment decision. Two projects are now committed subject to Grant Agreement being completed.

Prepared by: Russell Eacott
Interim Programme Director
russell.eacott@gbslep.co.uk

Date Created: 12 June 2019

| Appendices | |
|------------|---|
| A | Quantum Technology Innovation Hub – University of Birmingham |
| B | Construction Skills for Work Readiness – Solihull College and University Centre |
| C | Cannock Chase Engineering Academy – South Staffordshire College |
| D | The Outpost Creative Skills Hub - Solihull College and University Centre |
| E | A38 Bromsgrove Major Scheme – Barley Mow Junction |
| F | Churchfields Urban Village Highway Infrastructure |

GREATER BIRMINGHAM & SOLIHULL LEP PROGRAMME DELIVERY BOARD

29 May 2019

LOCAL GROWTH FUND INVESTMENT REPORT QUANTUM TECHNOLOGY INNOVATION HUB

Recommendation

The Programme Delivery Board are requested to:

- i) approve the Programme-Level Entry and the conditional allocation of £3,021,000 LGF capital grant funding in the 2019/2020 financial year for the QTIH project.

Background

1. The Quantum Technology Innovation Hub (QTIH) project was submitted to 20th March 2019 Programme Delivery Board (PDB) for decision on programme level entry and conditional allocation. The Board also received a presentation. PDB deferred the decision until pipeline projects had been discussed at the May PDB meeting. This report is being re-presented for a decision for LGF programme entry.
2. The University of Birmingham (UoB) are requesting £3,021,000 (three million, twenty one thousand pounds) of Local Growth Fund (LGF) capital grant towards the delivery of the QTIH project. This is in accordance with the Greater Birmingham and Solihull LEP (GBSLEP) Assurance Framework following the submission of an Outline Business Case (OBC) and its independent technical evaluation.
3. The paper submitted to the earlier PDB meeting is attached as Appendix A along with the Outline Business Case and ITE clarifications in Appendix B.
4. Since the presentation of the report to PDB the Delivery Team have been undertaking the LGF Pipeline Prioritisation process.

Conclusions

5. The project set up ready to deliver in the 2019/2020 financial year
6. The project has scored highly in the Growth Programme Pipeline Prioritisation model.

Reviewed by: Russell Eacott

Interim Programme Director

Prepared by: Wendy Edwards
Project Champion

Contact: Wendy.x.Edwards@birmingham.gov.uk
07548 712827

Date: 20/03/2019

| Appendices | |
|-------------------|--|
| A | QTIH Investment Report to PDB v0.5 20.03.19 |
| B | QTIH OBC and ITE clarifications |

Greater Birmingham and Solihull LEP Investment Report

22 May 2019

Construction Skills for Work-readiness

Recommendation

The GBSLEP Director is requested to:

Approve Programme level entry and the conditional allocation of £331,501 (three hundred thirty one thousand five hundred and one pounds) to Solihull College & University Centre for the delivery of the Construction Skills for Work-Readiness project, in accordance with the GBSLEP Assurance Framework following the submission of the Outline Business Case and its Independent Technical Evaluation.

1) Background

- a. An expression of interest was submitted in July 2018 and after clarifications achieved a strategic fit rating of B in October 2018
- b. An Outline Business Case was submitted for independent technical appraisal 29th April 2019. The appraisal was completed 17th May 2019.

2) Case for change

- a) This project is to create a training facility which has a realistic working environment where it can provide skills development for employment on construction sites. It aims to support the unemployed into work.
- b) The project aligns with the broad objectives and themes of the SEP in terms of raising skills levels and reducing unemployment. Though construction is not within a priority sector area of the Skills Delivery Plan the project will enable people from the area to benefit from new jobs that become available as an outcome of the predicted growth in the area through developments such as HS2, the Commonwealth Games and other major construction developments.
- c) To deliver the skills needed by construction companies requires expertise not directly available in Solihull College & University Centre therefore the project will be run through a Partnership with RMF Construction Training Academy Ltd.
- d) To meet employer requirements learners need to be trained in the use of expensive plant equipment and the Partnership has trialled the delivery of construction and grounds-work programmes using leased equipment and small sites resulting in an average of 90% of participating learners moving into employment.
- e) However, the high costs associated with leasing equipment and site restrictions on learner numbers, limits the ongoing success of this approach; therefore Local

Growth Fund will enable the purchase of construction plant equipment. RMF have committed £148,500 towards the capital costs and use of their site for the project.

- f) This project has been developed with full transparency alongside a consortium of colleges in the West Midlands who are delivering the WMCA Construction Skills Gateway project. The consortium recorded its support for this project at a Principal's meeting of the West Midlands Further Education Skills and Productivity Group.

c) Outputs

| Output Description | Output quantity |
|--------------------|-----------------|
| Jobs | 4 |
| Apprenticeships | 12 |
| Learners assisted | 398 |

3) Funding Profile

| | 2019/20 | Total |
|-------------------------|----------|-----------------|
| | £ | £ |
| Capital (GBSLEP) | £331,501 | £331,501 |
| Capital (SCUC) | £231,797 | £231,797 |
| Capital (RMF) | £148,500 | £148,500 |
| Total | £711,798 | £711,798 |

4) Conclusions

- a) The project will invest in construction plant equipment and setting up a work based learning environment, enabling an increased number of learners to be equipped with the skills and experience to progress into employment.
- b) The project scored well through the recent pipeline prioritisation process.
- c) The Programme team recommend approval of Programme level entry and the allocation of £331,501 LGF capital grant funding for the Construction Skills for Work-Readiness project, conditional on submission of an acceptable Full Business Case by 31st July 2019

Prepared by: Wendy Edwards

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Mob no' 07548 712827

Date prepared: 22 May 2019

5) Decision

The GBSLEP Director/PDB/Board has reviewed the investment report for Construction Skills for Work-Readiness and decided to;

| Decision | Comment/action |
|-------------------------|----------------|
| Approve | |
| Approve with conditions | |
| Not Approve | |

Date: 30.5.19

Signed:



Print Name: Katie Trout

GREATER BIRMINGHAM & SOLIHULL LEP REPORT FOR DIRECTOR

23 May 2019

LOCAL GROWTH FUND INVESTMENT REPORT CANNOCK CHASE ENGINEERING ACADEMY

Recommendation

The GBSLEP Director is requested to:

- i) Approve Programme-Level Entry and conditionally allocate £500,000 (five hundred thousand pounds) Local Growth Fund (LGF) to South Staffordshire College for the delivery of the Cannock Chase Engineering Academy project, in accordance with the GBSLEP Assurance Framework following the submission of the Outline Business Case and its Independent Technical Evaluation.

Background

1. An initial Expression of Interest (Eoi) for LGF was submitted to GBSLEP in October 2018 by South Staffordshire College (SSC). Further clarification was requested and additional information was submitted in December 2018.
2. The project was assessed as a 'B' strategic fit against the Strategic Economic Plan (SEP) in December by the LEP Executive and Sector Skills Champion
3. South Staffordshire LEP (SSLEP) and Cannock Chase District Council (CCDC) have already each committed £500,000 to the campus development to deliver level 1, 2 and 3 engineering qualifications
4. SSC is undertaking work to the value of £567,870 to prepare the campus and this business case is to request LGF funding to purchase advanced engineering equipment to meet Industry 4.0 standard and enable delivery of skills to level 4 and 5 qualifications
5. After several drafts a final Outline Business Case was submitted in April 2019 and independent technical evaluation was completed 21 May 2019

Case for change

6. The percentage of working age population qualified to NVQ Level 4 in the Cannock Chase area is low when compared to other areas within Staffordshire and the West Midlands
7. The percentage of jobs in manufacturing within the Cannock Chase area is up to 13% with considerable supply chain linkages within the GBSLEP geography and across the wider West Midlands area.
8. Local companies highlight that due to a high number of retirees there is a key requirement to replace the skilled workforce.

9. The CCEA aims to closely integrate with employers, universities, and research institutes to strengthen business survival and growth rates by focusing on upskilling local industry and encourage more engagement in 'high growth' activities.
10. The CCEA are working closely with local and regional engineering companies to develop an offer that provides a workforce with 21st Century Skills. In turn the ambition is to strengthen the innovative capacity of local industry by providing much needed higher skills capital.
11. LGF is required to purchase advanced engineering equipment including Computer Aided Design (CAD), Robotics, Mechatronic and Computer Numerical Control (CNC) which will respond to Industry 4.0 standards and enable learner progression to level 4 and 5 qualifications

12. Outputs

| Output Description | Output quantity |
|---|-----------------|
| Learning /training floorspace improved (m2) | 190sqm |
| Specialist equipment purchase | £500,000 |

13. Outcomes

| Outcome Description | Outcome Quantity |
|---|------------------|
| L4 & L5 Engineering qualifications over 5 years | 294 |
| Apprenticeships over 5 years | 156 |

Funding Profile

| | Previous years | 2019/20 | Total |
|-----------------------------|----------------|---------|------------------|
| | £ | £ | £ |
| Capital (GBSLEP) | | 500,000 | 500,000 |
| Capital SSC | 567,870 | | 567,870 |
| Revenue (name other) | | | |
| Total | | 500,000 | 1,067,870 |

Conclusions

14. The project will invest in Industry 4.0 engineering equipment that will enable learners to progress to level 4 and 5 qualifications with skills and experience to meet employer requirements.

15. The project scored well through the recent pipeline prioritisation process.
16. The Programme team recommend approval of Programme level entry and the allocation of £500,000 LGF capital grant funding for the Cannock Chase Engineering Academy project, conditional on submission of an acceptable Full Business Case by 31st July 2019

Prepared by: Wendy Edwards

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Mob no' 07548 712827

Date prepared: 23rd May 2019

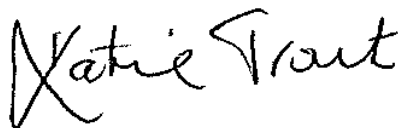
3) Decision

The GBSLEP Director has reviewed the investment report for the Cannock Chase Engineering Academy and decided to;

| Decision | Comment/action |
|-------------------------|----------------|
| Approve | |
| Approve with conditions | |
| Not Approve | |

Date: 30.5.19

Signed:



Print Name: Katie Trout

GREATER BIRMINGHAM & SOLIHULL LEP REPORT FOR DIRECTOR

30 May 2019

LOCAL GROWTH FUND INVESTMENT REPORT

The Outpost: A Creative Technologies Hub

Recommendation

The GBSLEP Director is requested to:

- i. Approve Programme-Level Entry and conditionally allocate £427,138 (Four hundred and twenty seven thousand, one hundred and thirty eight pounds) Local Growth Fund (LGF) to Solihull College and University Centre for the delivery of The Outpost: A Creative Technologies Hub project, in accordance with the GBSLEP Assurance Framework following the submission of the Outline Business Case (OBC) and its Independent Technical Evaluation.

Background

1. Solihull College submitted an Expression of Interest for the Outpost project in July 2018 as part of the Local Growth Fund (LGF) process. This was assigned a 'B' strategic fit rating.
2. On the 24th December 2018, Solihull College submitted a draft OBC, after a period of clarifications a final version was submitted on the 29th April 2019 requesting £427,138 LGF capital grant against a total project cost of £956,647.
3. The OBC has undergone an Independent Technical Evaluation (ITE) in May 2019 and the project has met the GBSLEP assurance requirements.
4. The financial profile submitted as part of the OBC aligns well with the LGF profile, with the entire draw-down expected by the end of the 2019/2020 financial year.
5. Final approval will be subject to a Full Business Case (FBC) and satisfying any issues raised during Independent Technical Evaluation(ITE)

Case for change

6. The project has evolved through engagement with employers in creative and technology sectors where the College has identified an overlap in their requirements for learners to develop a work based portfolio of experience.
7. The project will purchase new industry standard digital and creative equipment and refurbish space within the college as an Outpost with an employer focus where creative technologies students will have access to directed independent learning opportunities led by live employer projects. These will result in apprenticeships as well as supporting learning opportunities for employees.

8. The project aligns to the GBSLEP priority action “Skills for Growth and Employment for All” and responds to the ignite agenda: targeting those in education and training.
9. By focusing on Creative and Digital Industries, this project contributes to the LEP’s aim to enhance and harness the potential of our cultural and creative assets as key to the region’s offer to global investment and talent (Taking Full Advantage of Our Global Connections).

Outputs & Outcomes

| Output Description | 2019/20 | 2020/21 | 2021/22/24/25 |
|---|---------|---------|---------------|
| Jobs Created | | 1.5 | 3.5 |
| Skills: Number of new learners assisted. | 48 | 58 | 137 |
| Skills: Area of New or improved learning floor space (m2) | 808 | | |
| Skills: Number of new apprenticeships delivered | 5 | 5 | 20 |

Funding Profile

| | 2019/20 |
|-------------------------------|----------|
| | £ |
| Capital (GBSLEP) | 427,138 |
| Capital (Other public sector) | 529,508 |
| Revenue (name other) | |
| Total | 956, 647 |

Conclusions

10. The project scored well through the recent pipeline prioritisation process.
11. The Programme team recommend approval of Programme-Level Entry and allocation of £427,138 LGF capital grant funding for the Outpost: Creative Technologies Hub project, conditional on submission of an acceptable Full Business Case by 31st July 2019.

Prepared by: Laitan Alabi

Contact: olaitan.alabi@birmingham.gov.uk
Mob no' 07892785117

Date prepared: 30th May 2019

Decision

The GBSLEP Director has reviewed the investment report for The Outpost: A Creative Technologies Hub and decided to;

| Decision | Comment/action |
|-------------------------|--|
| Approve | I am happy to approve this request for funding |
| Approve with conditions | |
| Not Approve | |

Date: 5 June 2019

Signed: 

Print Name: Katie Trout

GREATER BIRMINGHAM & SOLIHULL LEP PROGRAMME DELIVERY BOARD

29 May 2019

LOCAL GROWTH FUND INVESTMENT REPORT A38 BROMSGROVE MAJOR SCHEME PACKAGE 1- PHASE 1 BARLEY MOW LANE JUNCTION

Recommendation

The Programme Delivery Board is requested to:

- i) Note the GBSLEP Director's decision to allocate £115,227, (one hundred and fifteen thousand two hundred and twenty seven pounds) of Local Growth Funding (LGF), to Worcestershire County Council (WCC) for the delivery of the Phase 1 Barley Mow Lane Junction project as part of the A38 Bromsgrove Major Scheme, Package 1 in accordance with the GBSLEP Assurance Framework following the submission of the Full Business Case and its Independent Technical Evaluation.

Background

1. The A38 Bromsgrove Major Scheme (the Scheme) was included in the 2016 Growth Deal 3 submission as part of the Breaking Down Barriers programme.
2. The Scheme comprises ten junction enhancements on the A38 corridor between junction 4 of the M5 to the north and its junction with the B4091 in the south. These works have been split into 5 packages. Given the overall cost and limited availability of funding the Scheme will be delivered in stages, Package 1 is the first stage.
3. Package 1 of the Scheme includes improvements to the M42 Junction 1, the M5 Junction 4, and the A38 junction with Barley Mow Lane to provide additional capacity at existing pinch-points on the corridor.
4. In November 2017 an Expression of Interest (Eoi) for Package 1 was submitted to GBSLEP by WCC. The Scheme was assessed as a B strategic fit and an Outline Business Case (OBC) invited.
5. Given the geographical overlap of the project, the sponsor WCC are requesting LGF capital grant from Worcestershire LEP (WLEP) and GBSLEP as well as Highways England (HE) for Growth Housing Fund (GHF) as well as a section 106 contribution.
6. An initial Conditional Approval Business Case; the WLEP equivalent of the GBSLEP OBC (referred to as OBC going forward), was submitted in May 2018. After further value engineering work this was revised, resubmitted and independently assessed in August 2018. Programme Entry and a Conditional Allocation were approved by GBSLEP in November 2018.
7. The three junctions in Package 1 are now progressing as three separate FBC's in order of deliverability and time required to achieve detailed design, cost certainty and technical approvals. This investment report relates to Barley Mow Lane Junction as the first of the three FBC's i.e. Phase 1

Business Case Evaluation Process

8. In December 2017, it was agreed that WLEP, as the major funder of the wider Scheme, would lead on the project including the independent technical evaluation (ITE). GBSLEP should attend Worcester Local Transport Board (WLTB) at key points for consideration of outline and full approval and progress funding decisions in line with GBSLEP Assurance Framework.
9. Jacobs ch2m produced an Appraisal Specification Report (ASR) which was agreed with GBSLEP Programme Team in April 2018 to ensure the ITE covered all the assurance requirements of both parties. The ASR also aligned the ITE to the requirements of the HE GHF application. In August 2018 Waterman Infrastructure & Environment (WIE) commissioned by WCC undertook the ITE of the final OBC; this was used as the basis for the GBSLEP OBC decision.
10. In March 2019 WIE evaluated the FBC for the Barley Mow Lane Junction phase 1 project on behalf of WCC and in line with the agreed process the WIE evaluation will support this GBSLEP investment decision
11. The FBC's for M5 Junction 4 is due September 2019 and for M42 Junction 1 March 2020.

Case for change

12. The A38 corridor has significant congestion with access to and from the M5 and M42 constrained due to limited capacity on the local road network particularly around Worcester and Bromsgrove. It has been reported through local planning work that this is constraining housing and economic growth. The improvements defined in the Scheme are identified as a priority within the Worcestershire Local Transport Plan (LTP), the Bromsgrove Development Plan and the Redditch Local Plan.
13. By addressing issues at the identified junctions the overall Scheme aims to relieve current congestion and support planned housing and employment sites, 7,000 homes and 28Ha employment land for Bromsgrove and 6,400 homes and 55Ha employment land for Redditch. The Scheme also aims to improve access to employment opportunities in Birmingham and the West Midlands via the motorway network.
14. Adapting the A38 junction with Barley Mow Lane relieves one of the key pinch points. This junction plays a strategic role on the wider network and links the local road network to the A38 and the motorway network
15. It is estimated that Package 1 will help to deliver/unlock:
 - a. 419 housing units, of which 22 are directly related to the Barley Mow Lane junction scheme, this has reduced from 35 estimated at OBC stage;
 - b. 685 gross FTE jobs of which 36 are now directly related to the Barley Mow Lane junction scheme, reduced from the 59 estimated at OBC stage.
 - c. 15,639 sqm employment floorspace, of which 830 sqm are attributable to the Barley Mow lane junction
16. Impact associated with M42 Junction 1 and M5 Junction 4 has been established through the HE GHF process, the cost and impact attributed to these schemes were not used in this analysis. Therefore, only the cost of the Barley Mow Lane scheme (£480k) was used to apportion benefits associated with this scheme.
17. Funding partners have agreed that the outputs supported by the Package 1 scheme will be reported by each party on a proportionality basis, in line with the overall financial contribution made by each to the Package.

18. Effectively, for £115,227 LGF, GBSLEP will be able to report 199 sqm employment floorspace, 9 jobs and 5 houses from the Barley Mow Lane Junction
19. The project is assessed as High Value for Money (VfM) with a Benefit Cost Ratio (BCR) of 3.44.

a) Outputs

| Output Description | Output quantity |
|--|-----------------|
| A new right turn lane into Barley Mow Lane within the existing road width. | 1 |
| Relocated signalised pedestrian crossing further north to allow for the right turn lane. | 1 |
| Relocation of the bus stops | 1 |

b) Outcomes

| Outcome Description |
|---|
| 199 square metres Employment Floorspace |
| 9 Jobs |
| 5 houses |

Funding Profile

| | Previous Years | 2018/19 | 2020/21 | Future Years | Total |
|-------------------------|----------------|---------|---------|--------------|---------|
| | £ | £ | £ | £ | £ |
| Capital (GBSLEP) | 0 | 95,245 | 20,032 | | 115,277 |
| Capital (WLEP) | 81,685 | 219,925 | 63,434 | | 365,044 |
| Total | 81,685 | 315,170 | 83,466 | | 480,321 |

Conclusions

20. This project meets the objectives of the GBSLEP SEP for investment as through the wider scheme it supports delivery of housing and employment growth as outlined in local and regional plans; reduces congestion and transport costs maximising the efficiency of the road network and increases journey time reliability.
21. The Director approval is conditional on;
- Signing of the section 151 overspend assurance declaration pre contract
 - Confirmation by WCC that an allowance for maintenance is in place pre-contract

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Date prepared: 16th May 2019

Appendix G

Project Approval Report

Churchfields Urban Village Highway Infrastructure

12 June 2019

Recommendation

The Supervisory Board is recommended to note the:

- Approval of £1,578,276.46 (one million, five hundred and seventy-eight thousand, two hundred and seventy-six pounds and forty-six pence) to Worcestershire County Council for the delivery of the Churchfields Urban Village Highway Infrastructure project in Kidderminster. The decision was made by the GBSLEP Director under the delegated authority and in accordance with the GBSLEP Assurance Framework.

Background

1. The Expression of Interest to GBSLEP's Local Growth Fund (LGF) for the above project was submitted in June 2016 and was assessed as category B – Strong Strategic Fit. Subsequently GBSLEP worked closely with the project sponsors to develop an Outline Business Case (OBC).
2. The OBC was jointly submitted by the Worcester County Council (WCC) and Wyre Forest District Council (WFDC) in March 2017, initially requesting £3.6m of GBSLEP LGF funding. Following project sponsors' application to the Housing Infrastructure Fund (HIF), the requested grant was reduced to £1.494m in the interim Full Business Case (FBC) submitted in October 2018. Throughout the development of the OBC and interim FBC, the project was advised by AECOM to ensure compliance with the HMT Green Book guidance.
3. The final FBC was submitted in May 2019 and its independent technical evaluation concluded that the project has satisfied GBSLEP's assurance requirements for deliverability and value for money. Appropriate Chinese Walls were maintained by AECOM to ensure an impartial appraisal. The FBC and its evaluation have been used as the basis to recommend the approval of LGF grant investment.
4. Match funding for the project is as follows:
 - Worcestershire Local Enterprise Partnership (WLEP) LGF: £1m is sought and is subject to the review and approval of the FBC submitted to the GBSLEP.
 - Housing Infrastructure Fund (HIF): £2.7m was conditionally approved in March 2019. The contract is expected to be signed in June 2019.

- Section 106 contributions: £324,000 is already secured from a previous phase of development.
5. WCC will manage project delivery, using its newly-awarded Infrastructure Engineering Term Contract (IETC) as the selected route for delivery of this scheme. The main phase construction works is scheduled to start in September 2019. The works are to be completed in December 2020 and the scheme is to open in January 2021.

Case for change

6. The Churchfields Urban Village development area is situated on the northern edge of Kidderminster town centre, and is subject to the 2011 Churchfields Urban Village Masterplan and the 2013 Kidderminster Area Action Plan. Residential development on two key sites in the area is now complete (Grasmere Close and the former Georgian Carpets site). However, further redevelopment of this brownfield site is constrained by the capacity of the surrounding road network.
7. WFDC, in consultation with WCC as Highway Authority, previously stated that further development in addition to the initial 95 units on the Churchfields Business Park site will not be consented until highways improvement works are in place. This grant application seeks the funding to deliver the improvements required to enable these sites to come forward. The project aims to deliver the highway infrastructure required to unlock an estimated 287 homes for development within the Churchfields Urban Village masterplan area.
8. In addition, the project has objectives related to addressing air quality issues within parts of a designated Air Quality Management Areas (AQMA) (Blackwell Street); improving traffic flow and better connecting Churchfields into the wider town; improving poor conditions for pedestrians and cyclists; and improving poor retail environment and public realm.
9. The project delivers a benefit-cost ratio (BCR) of 2.15, which represents high value for money.

Funding Profile

10. The project has the following funding structure:

| | 2016/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|--------------------------|-------------------|-------------------|---------------------|-------------------|----------------------|----------------------|
| | £ | £ | £ | £ | £ | £ |
| Capital (private sector) | 300,537.00 | 23,463.00 | - | - | - | 324,000.00 |
| Capital (WLEP) | - | 255,000.00 | 192,000.00 | 553,000.00 | - | 1,000,000.00 |
| Capital (GBSLEP) | - | - | 1,578,276.46 | - | - | 1,578,276.46 |
| Capital (HIF) | - | - | 2,326,842.81 | 244,680.45 | 128,476.74 | 2,700,000.00 |
| Total | 300,537.00 | 278,463.00 | 4,097,119.27 | 797,680.45 | 128,476.74.74 | £5,602,276.46 |

Outputs and Outcomes

11. GBSLEP LGF contributes 28% of total capital grant funding and is allocated a pro-rata share of project outputs and outcomes.

a. Outputs

| Output Description | Total Output Quantity | GBSLEP-attributed Outputs |
|--|-----------------------|---------------------------|
| New highway (link road), connecting the Churchfields site to St Mary's Ringway | 96 meters | 27 meters |
| New pedestrian route from Blackwell Street to the new link road. | 19 metres | 5 meters |

b. Outcomes

| Outcome Description | Total Outcome Quantity | GBSLEP-attributed Outcomes |
|---------------------|------------------------|----------------------------|
| Housing unlocked | 382 homes | 107 homes |

Conclusions

12. Churchfields Urban Village Highway Infrastructure is a strategically important project in a key GBS location. By unlocking land for housing, it aims to accelerate rates of house building, thus removing a barrier to growth in line with the 'Stronger Conditions for Growth' pillar in GBSLEP's Strategic Economic Plan. The project completed its key development milestones on time and is ready to start works on site.

13. The Supervisory Board is requested to note the allocation of £1.578m LGF capital grant funding to the Churchfields Urban Village Highway Infrastructure project in the 2019/20 financial year.

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Reviewed by: Lada Zimina, Project Champion

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Date: 12 June 2019

Report to the Greater Birmingham and Solihull Supervisory Board

20 June 2019

Growth Programme Pipeline Prioritisation

Recommendations

For the Supervisory Board to note the approval of LEP Board to

- i. Endorse the Pipeline Prioritisation Results as of the 20 May 2019 as Appendix B.
- ii. Agree to amend the Assurance Framework to provide clarity over the ability to award capital funding for the development of business cases only after further consultation with the Accountable Body.

Background

1. With two years of delivery remaining, the current Local Growth Fund programme is reaching the point of all funding (£186.055) being allocated to projects. As of mid-May, £140.939m of this total sum is contracted (or in the process of) and £41.987m conditionally allocated to projects, leaving £2.546m not currently allocated. At present, all LGF funding is required by Government to be spent by 31st March 2021.
2. Whilst details are not yet known on any future local economic growth funding from Government, there is nonetheless a strong rationale to continue to encourage projects to come forward and to fund business case development in preparation for this, and alternative funding opportunities.
3. To date 20 projects that were prioritised through the Growth Deal 3 strategic fit process now have either a full or conditional funding allocation (amounting to £54.975m). In addition to this, there is a pipeline of a further 16 strategic priority projects (those rated as an 'A' or 'B' for strategic fit) that have or are currently preparing business cases to request LGF resources (indicatively amounting to £59.420m). There are further strategic pipeline projects that are further away from being developed, are pursuing other sources of funding, or are not proceeding at present.
4. Considering the developed pipeline as a whole - i.e. both those projects with a conditional funding allocation and no funding allocation at present - there is £101.556m of LGF funding requested with only £45.116m funds available (funding currently not contracted).
5. Given this context, the LEP Programme Management Office (PMO) has conducted a prioritisation process on the pipeline to help inform the LEP's decision making and to provide clarity to project sponsors.

Pipeline prioritisation methodology

6. Since preparation for Growth Deal 3 commenced in 2016, the GBSLEP has taken a strategic-led approach to the development of project pipeline. Only projects assessed to be closely aligned with the Strategic Economic Plan (SEP) or Delivery Plans are invited to submit a business case for consideration.

7. Following this first stage gate, the GBSLEP Assurance Framework outlines the process for assessing and prioritising the pipeline of projects, using the following criteria:
 - deliverability and risk;
 - strategic fit; and
 - economic impact.
8. The methodology that has been used to prioritise the pipeline projects follows these principles described in the Assurance Framework. Each of these criteria is structured around a series of guiding indicators, as detailed in Appendix A or the 'Assessment Process' tab of Appendix B, that are used to determine an appropriate score and RAG status for each project. If a project is assessed to have any 'red' areas then it will automatically be prioritised behind those without.
9. Given the LGF programme is entering its final two years of planned activity, deliverability has been given a higher weighting to recognise the importance of projects being able to utilise funds by March 2021, when the programme financially ends, and realise benefits within the programme monitoring window to 2024/25. The weighting across the criteria is: 50% deliverability and 25% each for strategic fit and economic impact. This weighting then provides an overall assessment score and RAG rating for each project. This is a variation to the equal weighting methodology previously employed at the start of the programme.
10. In addition to the above criteria, there are other factors that do require consideration as part of this process, such as the likelihood of the project proceeding without LGF funding (i.e. suitability for LEP funding) or suitability for post-LGF funding opportunities. As such these issues are identified through this process.
11. The 25 projects considered as part of this assessment are those on the pipeline rated as an 'A' or 'B' for strategic fit at Expression of Interest stage and either have an Outline or Full Business Case available or in preparation at present or high risk projects currently in delivery.
12. The results of the pipeline prioritisation process are provided as Appendix B. The desk-based assessment was undertaken by the LEP PMO and based on the most recent iteration of a business case for each project and any updates provided by the project sponsor. Many of these business cases have not yet been independently appraised and therefore assessments should be considered as indicative rather than definitive.

This information is exempt from disclosure because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
13. The results of this prioritisation process aren't intended to provide a definitive list of ranked projects that will be funded. The intent is for it to be a tool to inform the decision making process of the LEP when a project is ready for an investment decision or when a project has failed to progress within agreed parameters. It also provides an indication to project sponsors of likelihood of funding timescales.
14. The findings can be used to determine whether specific conditions should be placed on any conditional or full approval, such as, but not limited to:
 - clear deadlines for activity that if not met will result in the expiry of the funding allocation;

- funding only becomes available should an event occur i.e. LGF funding is available by a particular date, to mitigate against financial slippage or underspend on the programme;
- offer a different funding amount; or
- offer funding support for project development only.

15. The results illustrate that there is a lack of top strategic priority projects currently on the pipeline with business cases. The case for continued strategic pipeline development, as agreed at the March 2019 LEP Board, is supported by these results.

Over-programming

16. At previous PDB meetings the principle of over-programming against the total programme value, rather than in-year funding availability, has been discussed and noted. Given experience to date across the programme, conditionally allocating at least 160% of the total available (non-contracted) funding is considered appropriate by the PMO.
17. At present this would result in conditionally allocating £72.186m funding to projects, given that £45.116m of LGF funding is not contracted. Funding that is conditionally allocated currently amounts to £41.987m¹, meaning that a further £30.199m would be available to projects prior to this 160% level being reached. The total funding requested by pipeline projects in this process amounts to £101.556m.
18. The below table summarises the financial position:

| LGF Funding | Value (£m) |
|---|------------|
| Total | 186.055 |
| Contracted with projects | 140.939 |
| Not contracted | 45.116 |
| Not allocated | 2.546 |
| <i>Pipeline breakdown</i> | |
| Conditionally allocated to projects | 41.987 |
| Developed pipeline projects without a funding allocation | 59.420 |
| Total developed pipeline funding request | 101.556 |
| Shortfall between requested and not contracted | -55.44 |
| Funding available for conditional allocation at 160% over-programming | 72.186 |

19. As the programme progresses through 2019/20 and into the first two quarters of 20/21, the need to maintain this level of over-programming would be expected to change. However, it is recommended that a series of developed projects, or projects that can utilise funding to become more developed, is maintained in order to respond to any shocks.
20. Whilst there will be over-programming within financial years and against the conditional funding allocation, the contracted funding amount will not exceed the total LGF award from Government of £186,055,008.

¹ This figure for conditional funding allocation is higher than what is normally reported in the Growth Programme update as it is taking account of some projects that have contracted but part of the funding award still remains conditional, such as Hagley Road SPRINT and A34 Perry Barr Phase 2.

Monitoring pipeline progress

21. There is now a need for closer monitoring of pipeline progress. The rationale for this is twofold: to ensure that there is a steady flow of developed projects that are available and ready to deliver; and that pipeline projects with funding allocations are progressing through stage gateways as per agreed parameters. Pipeline projects have now been added to the standard project overview reports.
22. If contracted or pipeline projects are going to experience financial slippage or not meet agreed timescales, it is recommended that consideration be given to reallocating this funding to other pipeline projects. Projects that have had funding deallocated would re-join / remain on the pipeline to access funding when it becomes available.
23. This assessment is not a static one-off undertaking, but rather is the evolution of the six-monthly review of the pipeline now that the programme, and pipeline, has matured. There will be a follow up review of pipeline prioritisation by PDB in 3 months' time to confirm delivery confidence in projects. In addition the PDB will receive up to monthly reports on pipeline projects process through the early gateways.
24. Two specific categories will be managed differently after an initial letter is issued to all partners:

Priority Pipeline Projects

- Close monitoring on a monthly basis by the project Champions in addition to quarterly standard reporting
- Support through final business cases (and OBC if required)
- Clear conditions on meeting timescales for delivery (pre and post contracted investment)
- Challenge by PDB on any significant slippage in programme/deliverability.
- Mini RAG progress report to each PDB meeting for noting.

Support Pipeline Projects

- Planned Programme of Challenges by PDB over deliverability
- By monthly monitoring by Project Champions
- Signposting for other potential funding streams (within and outside the LEP)
- An assessment for project development funding.
- Support for preparation of new government funding and readiness to deliver
- Mini RAG progress report to each PDB meeting for noting.

Continued pipeline development

25. Over the past 12 months the LEP Executive has continued to increase its focus on encouraging and supporting pipeline projects to develop business cases to secure LEP funding or funding from other sources, whilst recognising the importance of managing partner expectations. This principle of continuing to encourage new project proposal should continue in the future.

26. In addition to the point above regarding the risk of financial slippage by projects, having well-developed projects places the LEP in a better position to secure additional funding in the future. This applies equally to new programmes, such as the Shared Prosperity Fund, one-off bidding rounds instigated by Government, and opportunistically securing underspend from elsewhere in the public sector. The sub-region has had comparatively fewer projects funded through recent funding rounds such as the National Productivity Investment Fund and Housing Infrastructure Fund, which a pipeline of well-developed projects could help to address in future.
27. At present projects are able to access development funding following the approval of an OBC. This enables the project to access up to 10% of the total LGF funding conditional allocated for the delivery of the project, to support with the preparation of the FBC. If the project does not proceed then the project sponsor may be required to repay the development funding.
28. To provide support this continued developed of pipeline projects in what is an uncertain future funding context, it is recommended that, where appropriate, LGF capital funding is provided to support the development of the project only. Any further funding to support the delivery of the project would be subject to a separate request and business case, and there would be no expectation that it would be forthcoming. This approach would have the benefit of avoiding conditionally allocating large amounts of funding and whilst also being able to commit and pay out funding at short notice.
29. The Assurance Framework doesn't currently reference providing development funding only for projects. It is recommended that it is amended to clarify the ability to do this and to include clear requirements and restrictions of providing the funding, which would be based on further consultation with the Accountable Body. PDB members are requested to recommend to the LEP Board that the Assurance Framework is updated accordingly.

The Programme Delivery Board

30. In considering the Pipeline Prioritisation at its meeting of the 29 May 2019 the PDB also considered and:
 - Approved the results of the Growth Programme pipeline prioritisation process, as outlined in the Assurance Framework, that has been undertaken on projects that have either prepared business cases or are in the process of doing so (Appendix B) Also noting that they will fall into two categories:
 - Priority Pipeline – scoring the base criteria > 20 points
 - Support Pipeline - scoring the base criteria < 20 points
 - Noted that deliverability and risk has been given a higher weighting than the strategic fit and economic impact criteria, due to the programme entering its final two years of delivery with all funding needing to be spent by 31st March 2021;
 - Noted that the results will be used as a tool to inform LEP decision making;
 - Agreed to the principle that Local Growth Funding (LGF) that is only conditionally allocated should be over-programmed to at least 160% and that a pipeline of developed projects should continue to be maintained as all available funding becomes contracted;

- Noted that whilst there will be over-programming within financial years and against the conditional funding allocation, the contracted funding amount will not exceed the total LGF award from Government of £186,055,008;
 - Agree that project performance, both pipeline and contracted, should be closely monitored over the final two years of the LGF programme, and that PDB should proactively reallocate funding from projects that do not meet agreed timescales;
 - Note that there will be a follow up review of pipeline prioritisation in 3 months' time to confirm delivery confidence in projects, prior to reverting to the regular 6 month cycle;
 - Agree to the principle that funding should be made available to support the development of business cases of projects that are strategic and economic priorities, but may not deliverable be within the LGF programme timescales, in order to ensure a developed pipeline is prepared for future funding opportunities; and
 - Recommend to the LEP Board that an amendment is made to the Assurance Framework to provide clarity over the ability to award capital funding for the development of business cases only.
31. The PDB also requested the LEP Executive to write to all projects to inform them of the decision of the Programme Delivery Board emphasising points around meeting targets, especially reporting on non-delivery.

Next Steps.

32. Following the LEP Board and its decision contact will be made with all project sponsors with pipeline projects to update them on the prioritisation work undertaken and the emphasis on the absolute necessity to meet future delivery dates agreed with the LEP. Two different approaches will follow as described in 24 above. A more general update will be made available to all partners about the changes to the availability of development funding once the Assurance Framework has been updated.

Conclusions

33. The programme pipeline remains as important as ever as the LGF enters its final two years and attention on future funding opportunities increases. The prioritisation results are intended to be a tool to inform the LEP's decision making with the remaining LGF funds, whilst identifying what projects could form part of future funding discussions. It will continue to be optimised with allowances for sensitivity when making investment decisions.

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Date Created: 29 May 2019

| Appendices | |
|------------|---|
| A | Strategic Fit Criteria |
| B | GBSLEP Pipeline Prioritisation Model v0.45 20.05.19 Confidential |

APPENDIX A Scoring Criteria

Strategic fit criteria:

- What will be the level of impact on the Greater Birmingham economy and LEP KPIs?
- Is the project of strategic importance to delivery of SEP and LEP Future Focus through SEP Delivery Plans?
- Does the project fit with Local Industrial Strategy and role of LEP in relation to this?

Deliverability criteria:

- To what extent is the project developed and planned, and will it reach completion in during the life of the LGF programme? *If not, is it a potential candidate for forward funding of development costs and business case preparation.*
- Is match funding secure? Has leveraged funding been secured for any subsequent development?
- Are there any key delivery obstacles or risks? Are realistic mitigations in place?

Economic impact criteria:

- Does the project represent value for money for the LEP and overall public investment?
- Does the project contribute towards priority LGF outputs and direct outcomes that will be realised within the monitoring period of the programme (up to 2024/25), in particular those that the GBSLEP are at most risk of not achieving (skills new learners assisted)?
- Will the project result in wider economic benefits in the Greater Birmingham area?

Report to the Greater Birmingham and Solihull Supervisory Board

20 June 2019

Enterprise Zone Investment Plan 2019

1. Purpose

- 1.1 This paper sets out the content of the Enterprise Zone Investment Plan (2019), including the phased programme, financial principles, governance and reporting.

2. Recommendations

For the Supervisory Board to note the approval of LEP Board to

- 2.1 Approve the Enterprise Zone Investment Plan (2019) attached as Appendix B.

3. Background

- 3.1 The Enterprise Zone (EZ) was formed in 2011 with the purpose to accelerate development in the City Centre, delivering the strategy of the Big City Plan (2010) and GBSLEP priorities including:

- Improving economic performance and creating jobs;
- Delivering the spatial strategy for growing the City Centre Core by over 25% through five Areas of Transformation, as set out in the Big City Plan;
- Delivering enhanced infrastructure including improvements to public transport and public realm, all focused on attracting inward investment, occupiers, visitors, residents and workers.

- 3.2 The first EZ Investment Plan was launched in 2012 with a £128m programme of investment. In 2014 the Investment Plan was updated to reflect a longer term investment period up to 2022/23 and a revised £275m infrastructure programme. In 2015 the EZ area was extended from its original 26 sites to 39 sites, covering 113ha. In 2016 the Curzon Investment Plan was launched setting out a £724m programme, consisting of £587m of further EZ funding and £137m of West Midlands Combined Authority (WMCA) resources to maximise the potential of HS2. A further commitment from the EZ of £183m was made to support delivery of the Midland Metro from Digbeth, through East Birmingham, to UK Central. The EZ investment plans are funded through the projected growth in business rates generated within the EZ sites, managed through a financial model.

- 3.3 Decisions relating to the EZ are taken by the GBSLEP. Birmingham City Council (BCC) is the Accountable Body for the GBSLEP and the EZ. Capital projects are predominantly carried out by BCC (or it could potentially be other organisations), and are funded by BCC borrowing, which is supported by an annual revenue grant from

the EZ. The capital expenditure and the borrowing are therefore BCC's, with accountability to the EZ through the revenue grant.

Progress

- 3.4 Since the launch of the EZ in 2011 considerable progress has been made in delivering investment, development and jobs in the City Centre. In total 4,264 jobs and 208,000sqm of new floorspace has been created. To date the EZ has committed over £121m for infrastructure investment which has leveraged £598m of private sector investment. This represents a ratio of 1:5 for public to private sector spend. Table 1 below provides an overview of the outputs achieved to date set against the lifetime targets set out in the EZIP 2019. The targets are based on the forecast economic impact of the EZ by 2045/46 combined with forecasted development activity on EZ sites. The actuals to date have been collated from activity within individual EZ sites. The economic impact of the programme will be reviewed on a regular basis and as part of future EZIP updates. At this stage the number of jobs created has been flagged as 'Red', as this only reflects those jobs reported by local businesses in receipt of EZ business rates relief. Future Economic Impact Assessments will define a more accurate achievement.
- 3.5 The EZ investment has been instrumental in unlocking and accelerating key strategic sites. One of the largest EZ sites is the Paradise development which has seen considerable progress following an initial investment of £87.790m in 2013. All the key highway works and infrastructure preparation work are complete for Phase 1 and its set to deliver 335,000sqft of prime office space with Price Waterhouse Coopers taking occupation of the first building, One Chamberlain Square (150,000sqft,) in mid-2019. In January 2019 the GBSLEP approved a further investment of £51.277m to deliver Phase 2 and work is already underway to deliver the first building, One Centenary Way, which will be speculatively built to deliver another 275,000 sqft of office space. In total the Paradise scheme will deliver 10,000 jobs and 1.5m sqft of new floorspace.
- 3.6 Birmingham Smithfield, which is a £1bn redevelopment and the largest single EZ site, will see expansion of the city core creating opportunities for over 300,000sqm of new leisure, retail, cultural and commercial floorspace and 2,000 new homes. As part of developing the EZIP 2014 and to reflect the site's importance and the benefits it will deliver, funding was allocated to accelerate development, including resources to relocate Wholesale Markets. Birmingham City Council, as the major landowner, has recently procured Lendlease as its development partner and there will now be a period of design and development work over the next 6 months to define the infrastructure requirements and level of EZ investment required. Once complete the EZIP 2019 will be updated and presented to the GBSLEP Board.
- 3.7 A further £3.3m has contributed towards the delivery of business space supporting the creative and digital sectors, such as the Garrison Data Centre and Innovation Birmingham.
- 3.8 The EZ also has a crucial role to play in maximising the impact of HS2 within the region and an initial £1.4m has been approved for design work of the public realm

surrounding the HS2 station which will be essential for connectivity and opening up EZ sites. £9m has also been committed to support delivery of the Metro stop within the HS2 Station, as part of the Eastside extension of the Midland Metro. Funding has also been approved for feasibility work to develop schemes for key infrastructure projects, such as the remodelling of Moor Street Queensway and Digbeth High Street, to improve connections and unlock sites.

- 3.9 In addition to the significant progress in delivering development sites, the EZ has invested £27m to bring forward the Westside extension of the Midland Metro and the redevelopment of Centenary Square; whilst £4m of funding has supported the delivery of improvements to the ring road and the progress of key public realm schemes connecting EZ sites at Snowhill and Birmingham Smithfield.

Table 1 – EZ output achievement since 2011

| EZ Output | Achieved to 31 March 2019 | Lifetime Target to 2046 | Percentage of Lifetime target achieved to 31 March 2019 | RAG Status |
|--|---------------------------------|-------------------------------|--|---------------|
| Number of jobs created | 4,264 | 71,796* | 6% | Red |
| Number of businesses locating in the EZ | 65 | 240 | 27% | Green |
| Land Developed - (Sqm) ('000) | 208 | 1,100 | 19% | Amber |
| Land reclaimed and made ready (ha) | 16 | 60 | 27% | Green |
| Total Investment (£m) | 724 | 4,096 | 18% | Amber |
| Investment - Public (£m) | 126 | 191 | 66% | Green |
| Investment - Private (£m) | 598 | 3,905 | 15% | Amber |
| Uplift in Business Rates (£m) secured | 634 | 2,172 | 29% | Green |
| EZ Investment Programme Total Expenditure (£m); | 127 | 1,070 | 12% | Amber |
| EZ Investment Programme Capital Expenditure (£m) | 121 | 984 | 12% | Amber |
| EZ Investment Programme Revenue Expenditure (£m) | 6 | 86 | 7% | Amber |

*Derived EZ Economic Impact Assessment

4. The Enterprise Zone Investment Plan (2019)

- 4.1 Today the EZ consists of 39 sites covering 113ha of the city centre. With the EZ programme set out across 2 Investment Plans, the EZIP (2014) and the Curzon IP (2016) and a consolidated approach is needed in order to manage the programme and investments. Linked to this has been the comprehensive review of the programme including governance, financial principles and model, development phasing, business rates projections and project delivery. The creation of the EZIP 2019 will ensure that there is a clearly defined programme with a robust governance

framework in place to deliver the transformational EZ programme now and into the future.

- 4.2 The EZIP 2019 focuses on a 10-year period over which to manage investment against forecasted income and deliver upon clear priorities. This approach responds to the need to continue the acceleration of major development schemes and infrastructure works that will unlock growth and maximise the potential of HS2. This approach is fully aligned to the Big City Plan, Curzon HS2 Masterplan and HS2 Growth Strategy as well as continuing the delivery of GBSLEP priorities. The EZIP 2019 sets out the 10 year phased investment programme, which has been structured as follows:

- Accelerate delivery of current commitments (Phase 1-2).
- Maximising early opportunities from HS2 (Phase 3-5).
- Longer term strategic priorities (Phase 6-9).

- 4.3 The EZIP 2019 is attached as Appendix 1 and sets out the overall strategy for the EZ including the detail of each phase and associated projects.

Affordability of the EZIP 2019

- 4.4 The EZ is forecast to generate in excess £2.1bn from the uplift in business rates over the programme's lifetime up to 2046. Programme delivery and decision making is based on secured business rates income and as more business rates income is secured, projects within each phase of the EZIP 2019 can be accelerated and business cases developed which would be assessed against the overall affordability of the programme.
- 4.5 The financial model for the EZ has evolved since its inception to a more sophisticated position. In developing the EZIP 2019, the business rates which are expected to be generated from each EZ site have been reviewed to ensure income projections are robust and in line with the profile of future development, particularly with a number of schemes on-site/completing and creating business rates i.e. Paradise, Snow Hill 3, Arena Central and Beorma. Based on this review there is sufficient funding, including the contingency, to deliver phases 1-3 of the investment programme and full business cases can be developed for each project. Further phases will be brought forward as the level of development on the EZ sites increases and the growth in business rates income is secured.

5. Financial Management

- 5.1 In 2012 the GBSLEP and Birmingham City Council established a number of financial principles to manage the delivery of the EZ and associated Investment Plans. Over the last 12 months a comprehensive review of the EZ programme has been undertaken as set out at 5.4. In particular, a more robust approach to the consideration of business rate income has been taken to manage the financial risks associated with the EZ model. The business rate income from each of the EZ sites

has been categorised according to its risk status. This is intended to identify the “secured income” which may reasonably be relied on to support borrowing costs and in EZ financial planning. The categories are as follows:

- a) Secured – business rates paid or legally due.
- b) Committed – where construction is on site or business rates are guaranteed via legal agreement i.e. business rates are deemed to be reasonably secure.
- c) Other Committed - specifically relates to Commitments on the Paradise redevelopment. A separate category was deemed necessary due to the size and impact of Paradise on the wider EZ Programme £ 158m (Phase 1 only).
- d) Uncommitted – developments not yet started so business rate income is not secure.

- 5.2 For reasons of prudence the 2019 EZIP has been modelled on the basis of ‘secured’ business rate income only and ignores the additional business rate income from future planned investments. Additionally the financial model has been developed to include some prudent contingencies around business rate income. As each year progresses it would not be unreasonable to expect the EZ resource base to grow above that currently anticipated. As with all EZ projects the GBSLEP will receive Business Cases and will consider them for approval based on the latest information available around the authority’s prudential borrowing limits and cash affordability.

Developments in business rate forecasting

- 5.3 Over time business rate income forecasting methodology has developed with the benefit of experience. Improvements include:
- More rigorous forecasting of individual sites with BCC Planning and Business Rates officers.
 - For prudence, building in longer lead-in times for the actual receipt of business rate income on completed developments , typically 6 months
 - Only taking into account secured and committed business rate income figures into the Financial Model for affordability assessments (see above and below).
 - Basing the contingency allowance on the Secured and Committed income only.
 - Building in 5% deductions into the projected business rate income forecasts every year from 2022/23.
 - In addition to the provisions created for both bad debts and reliefs, a new provision has now been built into the financial model to cover the potential impact of future appeals on business rates income forecasts.
- 5.4 Following the review of the EZ programme and the more focussed methodology for identifying “secured income” it is now reasonable to review the Financial Principles, which will now be applied as identified below.

- **Financial Management/Approval**

In deciding on the use of EZ resources the following tests will be considered:

- 15% of the business rates income every year is ring fenced for uncertainties and the release of contingency kept under review on an annual basis;
- Of the remaining 85% of business rates income, financial commitments through borrowing will be monitored to ensure they are no greater than 65% of the total business rates income;
- All borrowing is repaid within the life of the Enterprise Zone;
- Interest charges for local authority assets are rolled up to smooth out cost and income cash flows;
- All EZ expenditure must comply with Birmingham City Council accounting and debt repayment policies;
- Risk Allowances will be made to account for circumstances such as bad debts, appeals, rate relief and future rate rises;
- The availability of contingency funding.

- **Project Approval**

- All project expenditure is supported by individual business cases;
- EZ funding approvals for site developments are supported by appropriate legal agreements linked to the business rates uplift;
- Birmingham City Council, as the Accountable Body, will ultimately endorse all EZ funding decisions to ensure affordability based on the availability of future business rates income;
- Expenditure outside Birmingham will be the responsibility of the relevant local authority.

- **Reporting**

- Quarterly updates on key indicators and progress will be presented to the GBSLEP Board;
- An Annual Report on performance against the EZIP 2019 and a review of the EZIP Programme will be presented to the GBSLEP Board.

Governance Improvements

- 5.5 In order to learn lessons and avoid repeating the mistakes with projects such as Paradise, a number of improvements have been made to the EZ's governance.
- 5.6 The GBSLEP Board has overall strategic ownership of the EZ and for setting and approving EZ Investment Plans. To continue to deliver upon this transformational programme of investment and ensure the successful outcomes of the EZ, robust governance and programme management will be put in place. This includes financial management and a gateway process that supports effective and affordable investment decisions. The terms of references for each organisation and decision making board are summarised below and in the GBSLEP Assurance Framework.

- 5.7 Previously, it was agreed that responsibility for programme management and delivery was delegated by the GBSLEP Board to an EZ Executive Sub Board, whilst BCC would undertake the role of Accountable Body and have responsibility for performance management and, in most cases, project delivery. However, it has become clear that that this has resulted in insufficient oversight and transparency, which has meant the GBSLEP Board has been unsighted on key issues affecting delivery, for example progress with delivering Paradise. In learning the lessons from this the GBSLEP will now be represented on the main Paradise project board to ensure there are clear lines of communication and any issue affecting delivery can be addressed at the earliest stage. These arrangements are now being replicated for the Smithfield project, which is at a much earlier stage in its life cycle and will enable better oversight from the outset. Going forward, all aspects of EZ governance will be aligned with the GBSLEP's existing assurance arrangements for its other funding programmes, such as the Local Growth Fund.
- 5.8 The GBSLEP Programme Delivery Board (GBSLEP PDB) will be responsible for programme management, which is charged with ensuring the delivery of the EZ to achieve the objectives of the Strategic Economic Plan. It's empowered to grant full approval to projects seeking funding of up to £10m and the release of development funding or change requests within this level of delegation. Investment Decisions above this will be the responsibility of the full GBSLEP Board.
- 5.9 Developing and managing the programme will be led by the GBSLEP through the Executive Team, which will provide secretariat support to the Boards and associated governance requirements. It will co-ordinate all aspects of appraising funding applications and day to day monitoring and performance management of projects and will report to both the GBSLEP PDB and main Board. BCC will continue to provide support for the management of the financial model that provides assurance with business rate forecasting and project affordability to support investment decisions.
- 5.10 The EZ requires a single statutory body to take on the role of Accountable Body. This Body must be a legal entity, nominated to act on behalf of the GBSLEP for the receipt and investment of business rate growth and uplift within the EZ designation. BCC acts as the Accountable Body on behalf of the GBSLEP Partnership to manage and redistribute the business rate growth and where capital expenditure is to be financed, BCC will facilitate the borrowing. If funding becomes available to support projects outside the EZ then the relevant local authority will take on responsibility for providing the Accountable Body function for that project.
- 5.11 Delivery will be led by the organisation responsible for each project, however, it's recognised that in most cases this will be BCC through its multidisciplinary technical expertise across a range of disciplines, including planning, property, project management and transport/ highways infrastructure.

- 5.12 The GBSLEP Board will receive quarterly updates which will report on delivery, performance and expenditure. An annual update will also be provided to the board which summarises performance against the EZIP 2019 along with a review of the investment programme.

Prepared for: GBSLEP Board/Supervisory Board

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:

| Appendices | |
|------------|---------------------------|
| A | EZIP Investment Plan 2019 |



Enterprise Zone Investment plan

May 2019



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Contents



| | |
|-----------------------------------|----|
| Foreword | 3 |
| Introduction | 4 |
| Investment strategy | 8 |
| Programme | 10 |
| Economic impact | 18 |
| Governance and programme delivery | 20 |
| Appendices | 24 |



The Enterprise Zone (EZ) has been a huge success enabling the accelerated transformation of the City Centre; one of the region's most important economic assets. Since its establishment in 2011 the EZ has attracted £598m of private investment, accelerated 208,000sqm of floorspace, delivered 4,264 jobs and secured a range of occupiers such as HSBC, HS2 Ltd and HMRC.

Based on the strategy of the City's Big City Plan (2010), the EZ demonstrates the commitment of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and Birmingham City Council (BCC) to delivering economic growth through innovation and bold decision making. This commitment has been borne out in successive investment plans that have now collectively invested £121m into infrastructure and development schemes across the EZ.

The launch of the Enterprise Zone Investment Plan (EZIP) 2019 is the next bold step in our drive to create the conditions for economic success. Focussing on the period of 2019-2028, it sets out a phased programme of investment for major schemes and infrastructure. This Investment Plan will continue to accelerate development across the EZ including maximising the benefits of HS2 arriving in 2026 and a contribution to delivering the expansion of the Midland Metro Tram Network from the City Centre through East Birmingham to North Solihull and UK Central.

This investment plan now represents a strategy for nearly £1bn of investment by the GBSLEP and BCC, which will unlock and accelerate the delivery for the region of 1.1m sqm of new commercial floorspace, create over 71,000 new jobs, contributing £2.3bn to the economy in GVA per annum and generating in excess of £2.1bn in additional business rates.

The next 10 years will be an historic period for the GBSLEP area and the EZ will be at the forefront of driving economic growth and ensuring the residents and businesses share in the benefits that will be generated.

Tim Pile

Chair,
Greater Birmingham & Solihull LEP

Councillor Ian Ward

Leader,
Birmingham City Council

4 Introduction

Established in 2011 the City Centre Enterprise Zone (EZ) now covers 113ha across 39 sites representing the most significant growth opportunities in the city.

The EZ is focussed on early intervention in infrastructure to accelerate growth and unlocking development to deliver the vision of the Big City Plan (BCP) and the GBSLEP priorities for growing the economy and creating jobs.

The next 10 years are a key period for Birmingham and GBSLEP area. The City Centre, as the primary economic asset for the region, is undergoing a dramatic period of transformation as the strategy of growth set out in the BCP is implemented.

The focus of the BCP is the growth of the city centre core through five areas of transformation enabling more commercial floorspace, a diversified leisure and cultural offer, expansion of the learning and knowledge economy and growth of residential.

The arrival of HS2 in 2026 will further accelerate this creating a once in a century opportunity for the region to improve its connectivity and further grow its potential.

The new high speed rail service will provide radically improved connectivity from Birmingham to London and the key regional centres of Manchester, Leeds, Sheffield and Nottingham.



Plan 2 Big City Plan Areas of Transformation

Key



Areas of Transformation



NORTH

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Alongside HS2, the expansion of the Midland Metro Tram Network from the City Centre through East Birmingham, North Solihull to UK Central, will further enhance the opportunities for new development and job creation.

The EZ is providing a mechanism to accelerate development potential and maximise growth. By utilising the uplift in business rates generated by development and investing it in priority schemes the EZ is a unique tool to drive economic success.

The EZIP 2019 consolidates the two existing investment plans: City Centre EZIP (2014) and the Curzon Investment Plan (2016) with a strategy that focusses on delivering a phased programme of £460m of projects in the period 2019-2028.

The programme will unlock the major growth opportunities by removing barriers to development, creating a supportive environment for investment, 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.
- Business support.



Plan 1 EZ sites

Key

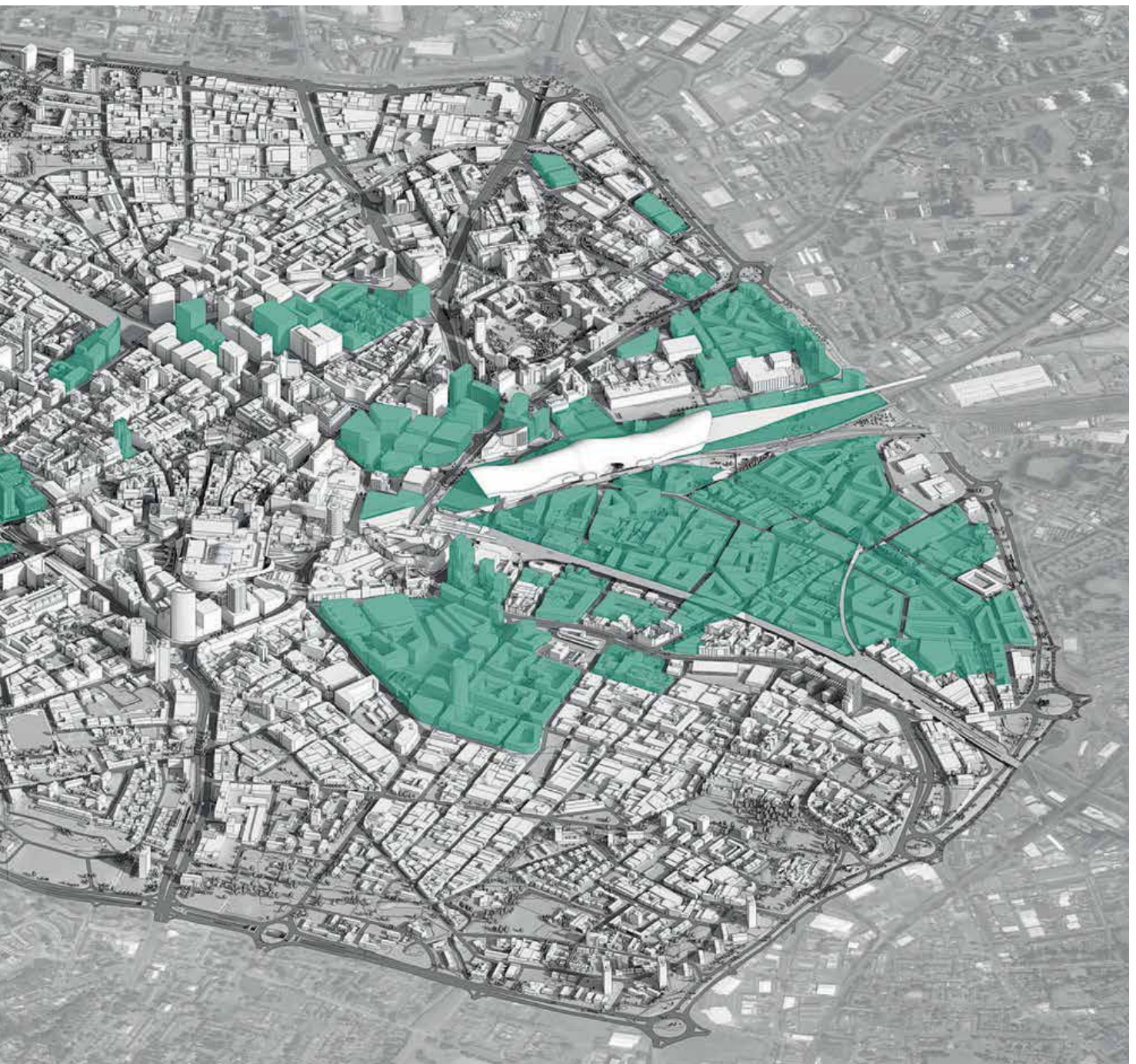


EZ sites



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Investment strategy

The EZ was established to accelerate economic growth by unlocking development sites and attracting private sector investment. Through investment in infrastructure the EZ is and will continue to address constraints to delivery. This strategy for investment in the EZ is structured into three areas:

Strategic site investment

Stimulating new development and supporting the viability of sites to make them deliverable and commercially attractive will be important to ensuring the EZ can deliver jobs and growth for the future. This ranges from Grade A office space in prime locations, focused on the corporate sector, to affordable flexible space for newly established creative/digital companies. In turn this will drive the creation of business rates enabling the GBSLEP to invest in infrastructure in the EZ and beyond. The EZ will support the provision of appropriate space for new and existing commercial businesses alongside new residential and community facilities.

Benefits

Supporting new development brings important social and economic benefits to Birmingham and the wider GBSLEP region:

- Additional commercial floorspace to meet future occupier demand.
- Increased job opportunities.
- Space for new and existing businesses to grow and remain competitive.
- Uplift in business rates to enable the delivery of current and future EZ investments.

Interventions

Across the EZ there are key strategic sites to accommodate new growth. The EZ will support a range of investments and actions including:

- Enabling works to address constraints such as contamination, demolition, security and land assembly.
- Provide on-site public infrastructure to support connectivity and accessibility.
- BCC will also commit to ensuring an efficient planning service including simplified planning and the use of tools such as Compulsory Purchase Orders where appropriate to enable delivery.



Snow Hill

Infrastructure

Infrastructure is vital to unlocking sites and connecting businesses to wider markets and enabling access for people. The EZ can unlock growth and attract investment in the city centre through investing in infrastructure. Good connectivity for the efficient movement of people and goods, combined with the quality and safety of the pedestrian environment, supports labour market retention and investor confidence. Social infrastructure is also important to support new neighbourhoods and grow residential populations, attracting and retaining workers.

Benefits

Providing high quality infrastructure brings benefits including:

- Improving access and movement.

- Unlocking sites for development.
- Supporting the retention and growth of businesses.
- Increased levels of open space and new social and community facilities.
- Health and environmental benefits including improved air quality.
- Less congestion and increased levels of walking and cycling.
- Enhancing the quality of the environment.

Interventions

Investment will be focussed on:

- New transport schemes such as Metro, Sprint, rail and cycling.
- New education, community and health facilities.
- New and faster digital technologies to improve communications.
- Improving the public realm to provide safe and attractive routes for walking and cycling and enhanced public spaces.

Business support

The EZ will be the focus for significant business investment and activity over the coming decades. Central to the success will be the ability to retain and attract businesses, encourage investment and to position the EZ as a premier business location. The EZ will provide a complementary package of support to businesses looking to invest and grow.

Benefits

Supporting businesses is essential for maximising the benefits of the EZ and for building on the investment made to deliver sites and infrastructure, especially:

- Improving the competitiveness of businesses.
- Attracting new business with growth in priority sectors.
- Targeting overseas markets.
- Creating new jobs and commercial floorspace and an uplift in business rates.
- Encouraging new business start-ups, scale-ups and social enterprises.
- Improved workforce skills and increased productivity.

Interventions

Investment will be targeted to underpin the Big City Plan and GBSLEP economic strategy including:

- Support package to attract and grow businesses in target sectors.
- Financial assistance for local start-up and scale-up businesses and social enterprises.
- Support for the relocation of businesses to maximise development opportunities in the Curzon area.
- Workforce training and upskilling.
- Programme of global events to target investment and markets and innovative promotional activities.



City Centre office space

Programme

The EZIP 2019 sets out a £1bn programme of investment. It consolidates the two existing investment plans: City Centre EZIP (2014) and the Curzon Investment Plan (2016) with a strategy that focusses on delivering a defined programme of projects for the period 2019-2028.

The programme will unlock the major growth opportunities by removing barriers to development, creating a supportive environment for investment, job creation and growing the city and regional economy.

Table 1 sets out the phased programme. The programme has been structured as follows:

- Accelerating current activity (Phase 1-2).

- Maximising early opportunities for HS2 (Phase 3-5).

- Longer term strategic priorities (Phase 6-9).

On site investment business cases will be considered outside this programme, subject to there being increased or accelerated business rate income and delivery of other key outputs.

| Programme phase | Timescale | Project list | Capital spend | Total borrowing cost | Cumulative capital spend | Cumulative borrowing cost |
|-----------------|-----------|---|---------------|----------------------|--------------------------|---------------------------|
| 1 | 2013-2024 | Current commitments | £350,402,158 | £515,315,051 | £350,402,158 | £515,315,051 |
| 2 | 2021-2022 | Westside Metro and Phase 1 | £4,474,000 | £6,407,386 | £354,876,158 | £521,722,437 |
| 3 | 2019-2026 | HS2 Station Environment and Phases 1-2 | £59,409,580 | £88,036,610 | £414,285,738 | £609,759,047 |
| 4 | 2019-2023 | Digbeth Public Realm Phase 1 High Street and Phases 1-3 | £15,500,000 | £21,867,308 | £429,785,738 | £631,626,355 |
| 5 | 2022-2046 | Digbeth Public Realm Phase 2 and Phases 1-4 | £70,900,000 | £106,674,212 | £500,685,738 | £738,300,567 |
| 6 | 2024-2028 | GBSLEP Investment Fund and Phases 1-5 | £20,000,000 | £27,009,208 | £520,685,738 | £765,309,775 |
| 7 | 2022-2026 | East Birmingham Metro and Phases 1-6 | £183,300,000 | £254,249,028 | £703,985,738 | £1,019,558,803 |
| 8 | 2028-2046 | Curzon Programme and Phases 1-7 | £259,638,953 | £259,638,953 | £963,624,691 | £1,279,197,756 |
| 9 | 2028-2046 | HS2 Interchange and Phases 1-8 | £20,000,000 | £20,000,000 | £983,624,691 | £1,299,197,756 |
| Total | | | £983,624,691 | £1,299,197,756 | £983,624,691 | £1,299,197,756 |

NB. Cumulative columns outline increasing values as each new phase amount is added.

Table 1 Phased investment programme

Phase 1-2: Accelerating Current Activity

Phase 1

Paradise

Once complete, the £500m Paradise development will constitute a landmark development within the region supporting the transformation of the City Centre with the delivery of high quality office, retail and leisure space alongside a world class urban realm. The surrounding area is undergoing significant change including the completed state-of the art Library of Birmingham, the redevelopment of Centenary Square, arrival of Metro and the Arena Central scheme.

Funding of £87m from the EZ has already supported the preparation of the site for comprehensive development and delivered key infrastructure improvements around the scheme and seen PWC agree to lease the whole of One Chamberlain Square.

Further funding of £51.3m, has been approved to accelerate development and deliver Phase 2 of the scheme. This investment will focus primarily on site-wide infrastructure and public realm including works at Centenary Way and the new public square, plus the construction of the hotel and two further office buildings in Phase 2. Investment for Phase 3 will be subject to a further business case to deliver the construction of the final four buildings, public realm and the basement car park.

Ultimately this project will deliver space for 11,000 employees and over 1.5m sqft of new commercial floorspace plus a 250 bed hotel. It will generate over £400m in business rate income, which not only funds the investments to unlock the scheme but other EZ projects.

Value
£139m

Timescales

Phase 1 will complete in 2019, Phase 2 in 2024 and Phase 3 by 2029.

Metro Extension (New Street to Centenary Square)

To support the integration of the Westside area with the wider City Centre Core, the Metro will be extended from Birmingham New Street to Centenary Square linking directly with the major developments at Arena Central and Paradise.

Value
£15.9m

Timescales

Operational in 2019.

Centenary Square

The redevelopment of Centenary Square will provide high-quality public realm and world class setting to those landmark buildings and developments around it, such as the new Library of Birmingham, ICC, Arena Central and Paradise. The Square will not only continue to provide an attractive environment for existing business and visitors but its iconic design will attract new visitors to the area and support business investment in the wider area.

Value
£10.5m

Timescales

Completes in 2019.



Paradise development

Birmingham Smithfield

The vision, as set out in the Smithfield Masterplan, is to create a landmark, sustainable, mixed-use development including a family leisure hub, supported by retailers, restaurants, hotels, SME office space, new retail markets and a public spaces as well as a residential neighbourhood and integrated transport facilities.

The scheme will be the largest single city centre redevelopment site in the UK and will deliver 3000 jobs, 2000 new homes and 300,000sqm of new floorspace for a mix of uses.

EZ investment has helped unlock the site through the relocation of the Wholesale Markets and BCC, as the major landowner, has appointed Lendlease as its development partner. The project has evolved since the EZ originally

allocated £34m, into one covering a much wider site that will now deliver £1.1bn GDV, 300,000sqm of floorspace and 2000 homes. The scale of infrastructure has increased accordingly and the City Council, Lendlease and GBSLEP are now developing the relevant business cases to define the overall EZ investment.

Value

£150m.

An FBC is being produced to determine the total EZ investment required.

£1.3m of revenue to support project development.

Timescales

The site will be delivered in a phased approach and the timescales will be set out in the business case.

Snow Hill

In 2015 EZ funding was granted to support the development of a scheme which proposed to introduce high quality public realm improvements and highway interventions to local streets and spaces in the Colmore Business District. This is linked to emerging proposals to redevelop Snow Hill Station and the Square in front of the main entrance. With proposals developed EZ funding has been allocated for the delivery of public realm works, to enhance key areas and improve connections and arrival experience for key EZ sites.

Value

£2.9m

Timescales

The works will be completed in 2022.

One Station

The One Station project will develop proposals to provide an improved passenger transfer between New Street and Moor Street stations and the Birmingham Curzon HS2 Station. This route is the most direct for pedestrians and cyclists between the stations and is currently used by approximately 1.4m rail interchange passengers per annum; this is forecast to nearly double to 2.3m per annum with the arrival of HS2 in 2026.

EZ funding has been allocated for initial feasibility work and proposals will be taken forward in conjunction with plans to remodel Moor Street Queensway to create a high quality public space in front of the new HS2 station and a connection with New Street Station.

Value

£0.6m

Timescales

The outline business case will be developed in 2020 for the transformation of the space as part of the wider Moor Street Queensway public realm scheme with delivery phased between 2020 and 2026.



Birmingham Smithfield

Southside public realm

Recognising the important interface and connection to the EZ's largest site at Smithfield, in 2016 approvals were granted to fund a permanent Traffic Regulation order to close part of Ladywell Walk and Hurst Street to through traffic, as well as £600,000 of funding to develop proposals for the public realm works in this area. The Southside Link will provide the transformation of the route from New Street Station via Southside to Birmingham Smithfield with the creation of a safe and attractive pedestrian and cycle route. The link will extend the highway improvements to Hill Street and Navigation Street that were delivered as part of the New Street Station project. The preferred option has been agreed and EZ funding has been committed to deliver the scheme.

Value
£7m

Timescales
2021.

Enterprise Zone pinch points

The A4540 Ring Road provides vital vehicular access to development sites within the EZ, linking the City Core with the main radial routes serving the City and the Strategic Road network. The road suffers from severe traffic congestion, which is projected to increase significantly by virtue of the EZ developments. Therefore significant investment is required to improve capacity at key locations along the Ring Road.

The investment is focussed on the following areas:

- Bordesley Circus.
- Haden Circus.
- Ashted Circus.
- Holloway Circus.

Value
£4m

Timescales
All works will complete by 2020.

Former Curzon Station

Located right next to the new HS2 Curzon Station building, the Grade 1 listed former Curzon Station building is an important heritage asset that was once the world's first mainline passenger terminus. HS2 and the EZ are jointly funding the redevelopment of the building to bring it back into use as a visitor and information centre for the whole HS2 project, along with office and educational space for other occupiers. It marks the first phase of regeneration activity linked to HS2 and the Curzon Programme which will create a focal point and legacy asset for the area.

Value
£2m

Timescales
2021.

Revenue Projects

Business and skills development

The EZ is developing a Business and Skills strategy to attract investor occupiers; grow existing businesses; accelerate scale up of high growing start-ups and establish high growth start-ups. It seeks to improve economic prosperity by encouraging investment, increasing productivity and creating jobs. The strategy will cover business activity across the 39 EZ sites in the city centre and will focus on the following sectors:

- Business, Professional and Financial Services.
- Financial Technology.
- Creative and Digital Industries.



HS2 Station

Integral to this strategy will be support for skills as the development of the EZ and the consequential change in the business make-up and occupational profile of the area will result in an increased demand for particular skills at all levels, attracting highly qualified staff and supporting the retention of graduates within the City and wider area.

The EZ has already approved £1.6m for a number of projects focussed on inward investment and relocations, ranging from a dedicated sector sales team working on actively securing occupiers into the EZ, to a relocations team which provides relocation support and after-care for organisations moving to the Birmingham area. Alongside this is an Occupier Proposition programme to target companies outside the GBSLEP region that could consider a move to the EZ.

Further funding has been committed to develop the projects within the strategy.

Value
£2.5m

Timescales

Projects will be developed in line with the strategy up to 2028.

Marketing

This package focuses on profile-led activity that will communicate and promote the EZ. It will highlight opportunities relating to key propositions and will target top investment prospects, for both capital and business relocations, from strategic geo-markets, including; London, Europe, Asia, the Middle East and North America.

To effectively achieve the domestic and global reach required, the approach taken will be to adopt an event led strategy - utilising existing trade platforms and events, to position the EZ within key investment markets, simultaneously targeting multiple segments of the property industry value chain. The package will also deliver a two-way communications programme by profiling the EZ proposition and facilitating communications channels in order to manage reactive opportunities. This programme will also support the sector sales team in attracting and managing leads.

Value
£2.1m

Timescales

Activities will be developed in response to specific opportunities dependent on the needs of the EZ and identified through the EZ Marketing Strategy.

Programme delivery

Delivering the EZ and its associated Investment Plans requires a sufficiently resourced team. The EZ has approved funding for programme and financial management, project delivery and the relevant technical expertise to deliver complex infrastructure projects.

Value
£10.1m

Timescales

Programme support will be in place throughout the duration of the EZIP up to 2028.

Curzon project development

A significant level of project development work is needed to bring forward projects identified within the EZIP 2019 programme. This includes masterplanning, urban design work and other technical studies on key sites across the EZ, including Digbeth and the site of the new Birmingham Curzon HS2 Station. Development work is already underway to develop schemes at Moor Street and Digbeth. Further funding will be released as projects come forward for approval in line with the EZIP 2019 phased programme.

Value
£2.1m

Timescales
2028.



Metro in Eastside

Phase 2

Metro Extension (New Street to Centenary Square)

In order to ensure the project delivers the highest quality infrastructure that compliments the public realm at Victoria Square, Paradise and the transformation of Centenary Square, additional funding of £4.4m has been allocated to increase the specification of the works.

Value

£4.4m

Timescales

Operational in 2019

Phase 3-5: Maximising Early Opportunities from HS2

Phase 3

HS2 Curzon Station public realm

The Curzon Masterplan (2015) set out how the arrival of HS2 and the growth and regeneration opportunities around the terminus station could be unlocked. Covering 141ha of the City Centre, with the area centred on the HS2 Curzon Station, the strategy of the Masterplan is to deliver a fully integrated and connected world class station, which will support growth and regeneration for the City Centre and the wider area. EZ funding is allocated to develop and deliver the Big Moves including:

- Paternoster Place.
- Curzon Promenade and Curzon Square.
- Station Square and Moor Street Queensway.
- Curzon Station Metro Stop.

Paternoster Place will be the primary gateway to Digbeth between the HS2 Curzon station and the City Core; Paternoster Place will be a pedestrian space that will open up the regeneration potential of Digbeth. Rather than becoming just a functional link, the EZ funding will enable this scheme to become a wide and attractively

landscaped route and provide a high quality entrance to Digbeth.

Curzon Promenade and Curzon Square will be an extension to Eastside City Park; the Promenade will set the Station within a green landscape. The area will be a hive of activity that could include a mix of retail, office and leisure uses, which interacts directly with the landscaped Promenade that will extend the feel of the Park into the City Centre. Curzon Square will be a stretched event space into the City Park that will form part of the station welcoming passengers into the area.

Moor Street and Station Square will be a major new 'gateway' space to provide the sense of arrival for visitors by HS2 and from the adjacent Moor Street station. The proposal will see Station Square linked with the Moor Street Queensway to create an area where pedestrians and transport can move efficiently and safely within one high quality public space. This will be vital in connecting into the City Core and creating a seamless link into the central business district, retail core and interchange with New Street Station and Moor Street Station. The intention is to rationalise the road space and

close it for private vehicles, whilst introducing Sprint and Metro as the dominant public transport offer.

As part of this work, proposals for the 'One Station' project will be progressed. This will see work to transform the public realm in and around the tunnel link that connects Moor Street Station to New Street Station. This will provide a high quality link for pedestrians and passengers travelling between the stations.

Curzon Metro Stop will see the integration of the Metro network with the Birmingham Curzon HS2 Station which is vital for maximising the connectivity and benefits of HS2. The vision is for 2 million people across the West Midlands to be connected with HS2. The new tram stop is part of the East Birmingham extension and will have local growth benefits as direct access to the Metro and HS2 will encourage new investment, businesses, homes and jobs.

Value

Total Funding: £60m

Timescales

Design work will complete in 2019 with delivery phased within the period 2021-2026.



Eastside Locks

Phase 4-5

Digbeth public realm

In order to attract investment and maximise the potential of the Curzon area improvements to the quality of the public realm including safe and attractive walking and cycling routes, parks and other outdoor spaces is needed. Key to maximising the impact of HS2 will be ensuring these connections and environments are of the highest quality.

The first phase of activity will focus on Digbeth High Street, which is dominated by pedestrian barriers and few crossing points across six lanes of traffic and is a key investment priority for unlocking growth. Many sites along the road are underutilised and have not benefited from the natural growth of the City Core, leaving pockets of activity isolated and with relatively low foot-fall.

With the opportunity presented by the Birmingham Eastside Metro Extension there is a need to improve the public realm landscape, aligned with the Metro integration and other highway and public transport requirements.

Other public realm projects will focus on unlocking and accelerating important development opportunities such as Typhoo Wharf, which is the largest development opportunity in the area, with potential for £200m of investment and 1m sqft of new floorspace. Other sites include Martineau Galleries is a prime investment opportunity on the doorstep of the Birmingham Curzon HS2 Station and with direct connectivity to the Metro. It has the potential for significant new commercial and retail floorspace.

Value

4 - Digbeth High Street: £15.5m
5 - Wider interventions: £67m
Total Funding: £82.5m

Timescales

The preferred option for the High Street will be developed in 2019

and the scheme will be delivered in conjunction with the Metro works which will take place in 2020-2026. Other interventions will be brought forward in conjunction with wider schemes to develop sites.

Phases 6-9: Longer Term Strategic Priorities

Phase 6

GBSLEP recycling fund

Up to £20m of capital funding will be made available to support the implementation of the Strategic Economic Plan (SEP) and its four strategic priorities.

- Industrial Strategy.
- A world leader in innovation and creativity.
- Taking full advantage of global connections.
- Stronger conditions for growth.

This investment is part of the local resources that are aligned to support the delivery of the SEP vision and growth strategy. Funding from the EZ will be available as the business rates income becomes available from 2024/25 onwards. Therefore this will be able to support projects which require funding towards the end of the SEP period. The LEP will put appropriate arrangements in place for the governance of this fund.

Value

£20m

Timescale

2024-2028.

Phase 7

Metro extension to East Birmingham and Solihull

Beyond the City Centre the plan is to further extend the Metro line through East Birmingham and North Solihull to connect with UK Central, the HS2 Interchange, Airport and the NEC.

This will have significant economic and social benefits for East Birmingham as it will address the issue of poor connectivity for residents and businesses and in turn help tackle the problems of high unemployment, low skills, poor health and housing shortages. Importantly it will link these communities to two key economic nodes; Birmingham City Centre and UK Central where the arrival of HS2 will act as a catalyst for growth. The investments in the Metro will help spread the benefits of HS2 supporting inclusive economic growth.

The EZ Board has committed, subject to a full business case, to contribute towards the overall funding package being developed by the West Midlands Combined Authority. The business case will be ready in 2020.

Value

Total Funding: £183m

Timescales

Operational by 2026.

Phase 8

Wider Curzon programme

The Curzon Investment Plan, launched in 2016, set out a programme to unlock growth and regeneration across the area and maximise the impact of HS2 arriving in 2026. The initial focus is to deliver the infrastructure required to integrate the station with the city centre, including the Big Moves outlined in the Curzon Masterplan. Following this will be a wider programme of activity will include investment to unlock sites, connect economic opportunities, transport improvements, social infrastructure and business support.

Value

Total Funding: £257m

Timescales

Investment will be available from 2028 after HS2 becomes operational and defined in the next EZIP.

HS2 interchange

The HS2 Interchange station is a strategically important site located close to the NEC and International Airport and forms part of a wider growth area known as UK Central. Development plans for the area led by the UK Central urban regeneration Company (UGC) and in 2017 it launched the UKC Growth Hub and Infrastructure Plan which sets out the growth potential and the infrastructure requirements needed to realise the substantial opportunities. It's expected that EZ funding will be available to support this 30 year plan after 2028 subject to securing the necessary business rates income.

Value

Total Funding: £20m

Timescale

2028 onwards.



Custard Factory

Economic impact

The full implementation of the EZIP 2019 will result in a number of major economic growth impacts, which will contribute substantially to the GBSLEP programme for inclusive growth, supporting a wide range of stakeholders within the Greater Birmingham area. It will also produce significant wider social and environmental benefits with the investment programme for the EZ being funded by growth in business rates.

As well as the Council and GBSLEP priorities, the programme 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.

It will deliver tangible economic benefits, including:

- The creation of some 71,000 gross jobs by 2045/46 providing essential employment opportunities for the region's growing population.
- In total almost 36,000 net additional local jobs (28,200 FTE) are forecast to be created after allowing for leakage (jobs taken up by non GBSLEP residents), displacement, deadweight (what would have happened anyway) and supply linkage and income multiplier effects.
- The generation of £2.1bn of net additional Gross Value Added (GVA) per annum at the GBSLEP level, once all developments are fully complete and operational.
- Increased productivity through improvements to infrastructure, skills and agglomeration effects.
- A range of wider impacts such as image and cultural benefits.

Wider economic benefits

- Over the plan period, it is expected that the investment will result in significant increases in residential floorspace providing some 9,500 much-needed residential units for a growing population. This will result in important economic benefits, including improved labour mobility and supply, increased productivity and additional expenditure in the local economy, supporting the growth of indigenous businesses.
- Alongside the economic benefits, a large amount of employment will be created through supply chains which will benefit businesses across the GBSLEP area.
- Greater footfall for local businesses through the expansion of the City Centre and greater connectivity between areas.

Social and environmental benefits

- A Large amount of investment will be placed into public realm improvements and connecting economic opportunities, including the green and blue infrastructure, which will positively transform the City Centre environment.
- Jobs created as a result of the EZIP will be targeted at areas of high deprivation and unemployment.
- Vast improvement in digital connectivity creating the right environment for incoming digital businesses.
- Greater sense of self-esteem and ownership for local residents.

EZ measures of success

Table 2 below provides data on the performance indicators up to and including March 2019. A full breakdown of outputs and milestones are set out in Appendix 2 and 3.

| Measurement | Cumulative total (March 2019) | Lifetime |
|---|-------------------------------|--------------|
| Amount of land developed or redeveloped (ha) | 16ha | 60ha |
| Private sector capital investment | £598m | £3,905m |
| New floorspace created (gross internal area in sqm - new and refurbished) | 208,000sqm | 1,100,000sqm |
| Number of new homes | 118 | 9,345 |
| Number of new enterprises | 65 | 240 |
| Jobs created | 4,264 | 71,796 |
| EZ investment programme capital expenditure | £121m | £984m |

Table 2 EZ measures of success



Governance and programme delivery

To continue to deliver upon this transformational programme of investment and ensure the successful outcomes of the EZ robust governance and programme management will be put in place.

This includes financial management and a detailed gateway process which supports effective and affordable decisions. The terms of references for each organisation and decision making board are summarised below and in the GBSLEP Assurance Framework.

Roles and Responsibilities

Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) Board

The GBSLEP Board has overall strategic ownership of the EZ and for setting and approving the EZ Investment Plan. It does this by setting an overarching investment strategy and ensuring that there are clear governance, management and delivery arrangements in place. Working with the assurance framework it will consider funding applications for over £10m.

Birmingham City Council as the Accountable Body

Management and redistribution of the business rate growth from the EZ requires a single statutory body from the GBSLEP Partnership to take on the role of 'Accountable Body'. This Body must be a legal entity, nominated to act on behalf of the GBSLEP for the receipt and investment of business rate growth and uplift within the EZ designation. BCC as the Accountable Body is obliged to manage any investments and their financing.

Programme Delivery Board (GBSLEP PDB)

The GBSLEP PDB is charged with ensuring the delivery of the EZ to help achieve the objectives of

the Strategic Economic Plan. It's empowered to grant full approval to projects seeking funding of up to £10m and the release of development funding or change requests within this level of delegation.

When EZ funding becomes available for other projects outside Birmingham then the same governance arrangements will apply and BCC, as the Accountable Body, should also have a role in any project boards to ensure all investments are in accordance with the EZ financial model and to discharge the accountable body functions.

Programme Management and Delivery

Delivering, developing and managing the programme will be led by both the GBSLEP and BCC. These functions will be supported with resources of £10m to 2028.

EZ Programme Management

Overall programme management will be led by the LEP Executive Team, which will provide secretariat support to the Boards and associated governance requirements. It will co-ordinate all aspects of appraising funding applications and day to day monitoring and performance management of projects and will report to both the GBSLEP PDB and main Board on a regular basis, providing updates and exception reports on each project as well as managing delivery agreements with BCC for each project.

EZ Programme Delivery

BCC will lead the delivery of the programme and provide multi-disciplinary technical expertise across a range of disciplines, including planning, property, project management and transport/highways infrastructure, to develop and deliver the projects outlined in the Investment Strategy.

Accountable body

Birmingham City Council acts as the Accountable Body on behalf of the GBSLEP Partnership to manage and redistribute the business rate growth from the EZ. Within the EZ, where capital expenditure is to be financed, Birmingham City Council will facilitate the borrowing. The Council will calculate the borrowing costs using its existing arrangements for recharging costs (i.e. interest and the statutory requirements for debt repayment). These borrowing costs will be funded from EZ revenue resources generated from the additional business rates.

Project development

Developing a major capital infrastructure programme requires significant resource for a range of activity ranging from masterplanning, urban design work, feasibility studies and other technical services. Development work is already underway on key sites across the EZ, including Smithfield, Digbeth and the site of the new Birmingham Curzon HS2 Station. Further work will be commissioned as projects come forward for approval. Where appropriate project development funding will be capitalised within project budgets, however, resources of £2.1m has been allocated for this work.

Financial Principles

The EZIP 2019 has been developed in accordance with the EZ Financial Strategy approved in September 2016. Key to this is a set of financial principles established in 2012 which govern its management and ensure that the financial management of the EZ is robust, and that projected expenditure including borrowing and other revenue based programme expenditure is affordable.

The development of this programme has been linked with a comprehensive review covering all aspects of programme management including: financial principles and model, business rates development phasing, programme database, programme team resources, reporting, due diligence, governance and monitoring. This has informed the creation of this investment plan ensuring that there is a deliverable programme now and into the future.

Decision making is to now be based on secured business rates income and as more income only is secured then projects within each phase of the EZIP 2019 will be accelerated and business cases developed and assessed against the overall affordability of the programme.

The financial model for the EZ has evolved since its inception to a more sophisticated position. In developing the EZIP 2019, the business rates which are expected to be generated from each EZ site have been reviewed to ensure income projections are accurate and in line with the profile of future development, particularly with a number of schemes on-site/ completing and creating business rates i.e. Paradise, Snow Hill 3, Arena Central and 103 Colmore Row. Based on this review phases 1-3 of the investment programme are affordable and full business cases can be developed for each project. Further phases will be brought forward as the level of development on the EZ



Figure 1 EZ Governance

sites increases and the growth in business rates income is secured. Each project will be supported by a business case which clearly identifies how the projects will achieve its objectives, deliver the benefits and manage any risk. All funding approvals will be supported by an appropriate legal agreement which protects the interests of the EZ and ensures the applicant is responsible for meeting its obligations.

The Financial Strategy for the EZ is predicated on a programme which contains projections for major capital investment, revenue project support and the capital financing implications arising from debt repayment and also projections for the uplift in Business Rate income 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 projections. Similarly, increased project costs or increases in interest rates on the cost of borrowing would be detrimental to affordability and impact on the overall programme.

Following the review of the EZ programme and the more focussed methodology for forecasting business rates income it is now reasonable to review the Financial Principles, which will be applied as identified below.

Financial management

In deciding on the approval of spend the following tests and measures will be considered:

- 15% of the business rates income every year is ring fenced for uncertainties and the release of contingency kept under review on an annual basis.
- Of the remaining 85% of business rates income, financial commitments through borrowing will be monitored to endeavour they remain within 65% of the total business rates income.
- All borrowing is repaid within the life of the Enterprise Zone Programme.
- Interest charges for local authority assets are rolled up to smooth out cost and income cash flows.
- All EZ expenditure must comply with Birmingham City Council accounting and debt repayment policies.
- 9% of gross business rates income is ring fenced to account for circumstances such as bad debts, appeals, rate relief and future rate rises.
- 5% of gross business rate income is ring fenced to mitigate a potential loss of Business Rates income, during Valuation Office Rate Reviews, is incorporated into the EZ model.
- Bi-monthly forecasting of EZ site developments will take place to ensure the Business Rate profiles are accurate and robust.
- The introduction of 6 month lead-in times for the receipt of business rates from completed developments.
- All project officers will be required to sign an EZ code of practice that sets out their responsibilities for delivery of EZ expenditure.
- The availability of contingency funding to support programme delivery will be reviewed annually.



Masshouse Square

Project approval

- All project expenditure is supported by individual business cases. Applications for funding will be required to complete a full business case that is compliant with HM Treasury's Green Book standards.
- EZ funding approvals for site developments are supported by appropriate legal agreements linked to the business rates uplift.
- Birmingham City Council, as the Accountable Body, will ultimately endorse all EZ funding decisions to ensure affordability based on the availability of future business rates income.
- Expenditure outside Birmingham will be the responsibility of the relevant local authority.

Reporting

- Quarterly updates on performance will be presented to the GBSLEP Board.
- All minutes of the GBSLEP Board and PDB will be publically available.

Risk register

- The programme will take a robust approach to monitoring and managing risks in line with the matrix in Figure 2.
- The GBSLEP Boards will receive risk updates as part of the regular performance reports.

Being part of the EZ means many of the measures to mitigate common risk are already in place, including the financial strategy and governance arrangements which ensure sound investment decisions are made and the required outcomes are delivered. These and other risks are outlined in the attached Appendix 4.

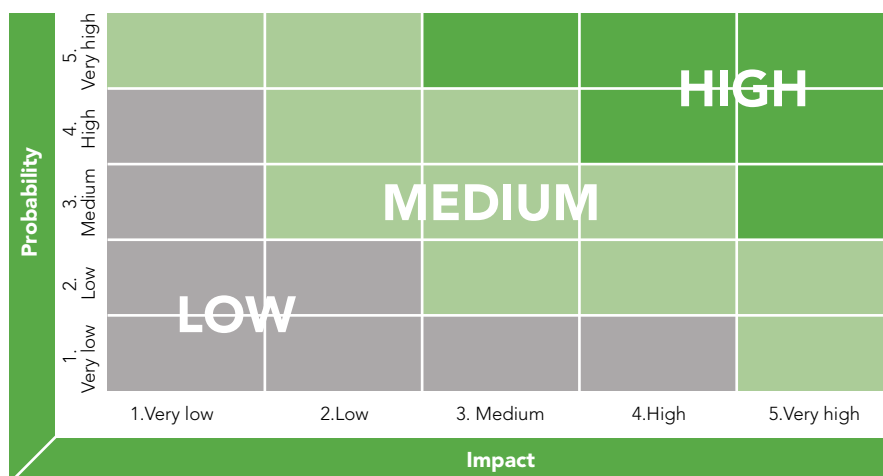


Figure 2 Risk matrix

Appendices

Appendix 1 - Funding

| | Year 1-7 2012-19 £ | Year 8 2019-20 £ | Year 9 2020-21 £ | Year 10 2021-22 £ |
|--|--------------------------|------------------------|------------------------|-------------------------|
| CAPITAL | | | | |
| Strategic site investment | | | | |
| Paradise Circus Phase 1, 2 and 3 | 75,848,315 | 32,977,748 | 15,728,528 | 10,233,241 |
| Birmingham Smithfield (Southern Gateway) | 0 | 0 | 3,751,395 | 10,051,833 |
| Birmingham Smithfield Fees | 0 | 450,176 | 0 | 0 |
| Former Curzon Station | 0 | 1,500,000 | 500,000 | 0 |
| Site Development and Access | 3,355,000 | 2,500,000 | 0 | 0 |
| Wider Curzon Programme | 0 | 0 | 0 | 0 |
| Infrastructure | | | | |
| New Wholesale Markets | 10,000,000 | 0 | 0 | 0 |
| Metro Extension New Street to Centenary Square | 15,950,000 | 0 | 0 | 4,474,000 |
| Centenary Square | 10,550,000 | 0 | 0 | 0 |
| Pinch Points Highway Network | 3,520,396 | 783,474 | 0 | 0 |
| Metro Extension to East Birmingham and Solihull | 0 | 0 | 0 | 0 |
| One Station | 373,909 | 244,221 | 0 | 0 |
| Snow Hill Public Realm | 275,000 | 0 | 1,693,800 | 926,200 |
| Southside Public Realm | 816,631 | 187,932 | 7,028,000 | 0 |
| HS2 Curzon Station Public Realm | 590,420 | 2,438,242 | 521,683 | 1,779,857 |
| Unallocated | 0 | 0 | 0 | 0 |
| Digbeth Public Realm | 0 | 1,115,000 | 3,885,000 | 6,500,000 |
| GBSLEP Recycling Fund | 0 | 0 | 0 | 0 |
| HS2 Interchange Site | 0 | 0 | 0 | 0 |
| EZ Management Information System | 0 | 90,000 | 0 | 0 |
| CAPITAL PROJECT | 121,279,671 | 42,286,793 | 33,108,406 | 33,965,131 |
| REVENUE | | | | |
| Business Support | | | | |
| Business and Skills Development | 0 | 0 | 50,000 | 150,000 |
| Simplified Planning - Graduate | 154,735 | 0 | 0 | 0 |
| Digital Connectivity | 464,957 | 0 | 0 | 0 |
| Marketing/Strategy | 210,630 | 50,200 | 60,000 | 175,000 |
| Investment and Relocations | 1,022,611 | 363,723 | 33,838 | 0 |
| Programme Delivery Team | 1,884,518 | 1,621,213 | 1,621,214 | 2,033,184 |
| Birmingham Smithfield Development | 915,075 | 0 | 0 | 0 |
| Wider Curzon Programme | 485,555 | 65,122 | 0 | 0 |
| Connecting Economic Opportunities | 391,554 | 91,994 | 0 | 0 |
| Site Development and Access Rev | 87,838 | 0 | 0 | 0 |
| Curzon Project Development | 18,000 | 150,000 | 200,000 | 250,000 |
| REVENUE PROJECT | 5,635,473 | 2,342,252 | 1,965,052 | 2,608,184 |
| Inflation Allowance | 0 | 58,556 | 49,126 | 65,205 |
| REVENUE PROJECT INCLUDING INFLATION ALLOWANCE | 5,635,473 | 2,400,808 | 2,014,178 | 2,673,389 |
| TOTAL CAPITAL AND REVENUE PROJECT | 126,915,144 | 44,687,601 | 35,122,584 | 36,638,520 |

| Year 11 2022-23 £ | Year 12 2023-24 £ | Year 13 2024-25 £ | Year 14 2025-26 £ | Year 15 2026-27 £ | Year 16 2027-28 £ | 2028-46 £ | Total All Years £ |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------|----------------------|
| | | | | | | | |
| 3,942,257 | 336,911 | 0 | 0 | 0 | 0 | 0 | 139,067,000 |
| 19,905,690 | 821,193 | 0 | 0 | 0 | 0 | 115,469,889 | 150,000,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 450,176 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,000,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,855,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 257,200,000 | 257,200,000 |
| | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,000,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,424,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,550,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 336,674 | 4,640,544 |
| 48,100,000 | 46,200,000 | 44,500,000 | 44,500,000 | 0 | 0 | 0 | 183,300,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 618,130 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,895,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,031,870 | 10,064,433 |
| 4,275,857 | 15,638,236 | 20,801,535 | 13,954,170 | 0 | 0 | 0 | 60,000,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 70,407 | 70,407 |
| 17,400,000 | 13,400,000 | 13,400,000 | 13,400,000 | 13,400,000 | 0 | 3,900,000 | 86,400,000 |
| 0 | 0 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 0 | 20,000,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 20,000,000 | 20,000,000 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 90,000 |
| 93,623,804 | 76,396,340 | 83,701,535 | 76,854,170 | 18,400,000 | 5,000,000 | 399,008,841 | 983,624,691 |
| | | | | | | | |
| 250,000 | 400,000 | 450,000 | 450,000 | 450,000 | 300,000 | 19,913,495 | 22,413,495 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 154,735 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 464,957 |
| 300,000 | 300,000 | 591,995 | 200,000 | 200,000 | 200,000 | 5,404,818 | 7,692,643 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,420,172 |
| 513,000 | 513,000 | 513,000 | 513,000 | 513,000 | 313,000 | 3,643,000 | 13,681,129 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 915,075 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 550,677 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 483,548 |
| 0 | 0 | 0 | 0 | 0 | 0 | 5,465 | 93,303 |
| 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 33,701,825 | 35,819,825 |
| 1,313,000 | 1,463,000 | 1,804,995 | 1,413,000 | 1,413,000 | 1,063,000 | 62,668,603 | 83,689,559 |
| 32,825 | 36,575 | 45,125 | 35,325 | 35,325 | 26,575 | 1,566,715 | 1,951,352 |
| 1,345,825 | 1,499,575 | 1,850,120 | 1,448,325 | 1,448,325 | 1,089,575 | 64,235,318 | 85,640,911 |
| 94,969,629 | 77,895,915 | 85,551,655 | 78,302,495 | 19,848,325 | 6,089,575 | 463,244,159 | 1,069,265,602 |

Appendix 2 - Forecast and actual outputs

| Code | Output description | Year 1-7 2012-18 | Year 8 2019-20 | Year 9 2020-21 | Year 10 2021-22 |
|------|---|---------------------|-------------------|-------------------|--------------------|
| 1 | Land reclaimed and made ready (ha) | 16 | 1 | 1 | 2 |
| 2 | Investment (£m) | 724 | 132 | 93 | 88 |
| 2a | Investment - Public (£m) | 126 | 12 | 23 | 16 |
| 2b | Investment - Private (£m) | 598 | 120 | 70 | 72 |
| 3 | Land developed (sqm) (000) | 208 | 70 | 35 | 151 |
| 3a | Number of homes | 118 | 0 | 1,278 | 284 |
| 4 | Number of businesses locating in the EZ | 65 | 7 | 8 | 11 |
| 5* | Total number of gross jobs created (FTE) | 9,258 | 3,582 | 4,959 | 4,461 |
| 5a* | Number of gross workplace jobs created | 6,814 | 2,483 | 5,276 | 5,436 |
| 5b* | Number of gross workplace jobs created (FTE) | 5,141 | 1,923 | 4,060 | 4,179 |
| 5c* | Number of gross construction jobs person year | 5,047 | 2,034 | 1,103 | 346 |
| 5d* | Number of gross construction jobs person year (FTE) | 4,117 | 1,659 | 899 | 282 |
| 6 | Uplift in Business Rates (£m) per annum | 13 | 7 | 18 | 27 |
| 7 | EZ Investment Programme Total Expenditure (£m) | 127 | 45 | 35 | 37 |
| 7a | EZ Investment Programme Capital Expenditure (£m) | 121 | 42 | 33 | 34 |
| 7b | EZ Investment Programme Revenue Expenditure (£m) | 6 | 2 | 2 | 3 |
| 8a* | Net Additional Gross Value Added (GVA) (£m) - Birmingham once all developments are fully complete and operational | 111 | 47 | 79 | 171 |
| 8b* | Net Additional Gross Value Added (GVA) (£m) - GBSLEP once all developments are fully complete and operational | 102 | 43 | 72 | 157 |

* EZ Impact Assessment

| Year 11 2022-23 | Year 12 2023-24 | Year 13 2024-25 | Year 14 2025-26 | Year 15 2026-27 | Year 16 2027-28 | 2028-46 | Tota target of EZ Year 2020-46 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------|-----------------------------------|
| 0 | 1 | 1 | 4 | 5 | 1 | 28 | 60 |
| 150 | 106 | 120 | 105 | 133 | 592 | 1,853 | 4,096 |
| 10 | 4 | 0 | 0 | 0 | 0 | 0 | 191 |
| 140 | 102 | 120 | 105 | 133 | 592 | 1,853 | 3,905 |
| 40 | 50 | 13 | 39 | 41 | 75 | 378 | 1,100 |
| 59 | 160 | 406 | 273 | 770 | 252 | 5,744 | 9,345 |
| 12 | 16 | 15 | 14 | 17 | 4 | 71 | 240 |
| 4,597 | 3,173 | 2,478 | 4,333 | 2,943 | 2,833 | 29,179 | 71,796 |
| 5,398 | 3,070 | 1,814 | 4,765 | 3,572 | 3,248 | 27,991 | 69,867 |
| 4,161 | 2,356 | 1,378 | 3,732 | 2,722 | 2,481 | 22,039 | 54,172 |
| 535 | 1,003 | 1,348 | 737 | 271 | 431 | 8,754 | 21,608 |
| 436 | 818 | 1,100 | 601 | 221 | 352 | 7,140 | 17,624 |
| 34 | 38 | 40 | 47 | 53 | 56 | 1,839 | 2,172 |
| 95 | 78 | 86 | 78 | 20 | 6 | 463 | 1,069 |
| 94 | 76 | 84 | 77 | 18 | 5 | 399 | 984 |
| 1 | 1 | 2 | 1 | 1 | 1 | 64 | 86 |
| 186 | 188 | 109 | 64 | 164 | 123 | 1,094 | 2,335 |
| 170 | 172 | 99 | 59 | 150 | 113 | 1,001 | 2,137 |

Appendix 3 - Key project indicators 2019/2020

| Theme/Project Reference | 1st Quarter April - June |
|---|--|
| Strategic Site Investment | |
| Paradise Circus Phases 1, 2 and 3 | |
| Curzon Site Enabling Works - Former Curzon Building | Contractual documentation completed. Works to start on site. |
| Birmingham Smithfield | |
| Infrastructure | |
| Metro Extension Centenary Square | |
| Centenary Square Improvements | Delivery of lighting columns and installation. Project completion. |
| Pinch Points - Ashted Circus | |
| Pinch Points - Holloway Circus | |
| Southside Public Realm | Public consultation of concept design. |
| Snow Hill Public Realm | Project 1.1 FBC Cabinet Member Approval and work to start on site. |
| Ladywell Walk (Closure)/Hurst Street TRO | |
| Moor Street Queensway | |
| Curzon Public Realm | Outline Business Case approved by GBSLEP. |
| Curzon Tram Stop | |
| Digbeth High Street | |
| Business Support | |
| Programme Delivery | Quarterly performance to GBSLEP PMO. |

| 2nd Quarter July - September | 3rd Quarter October - December | 4th Quarter January - March |
|--|---|---|
| | Phase 1 - redevelopment of Chamberlain Square and associated public realm. | One Chamberlain Square to be completed and available for occupation by PwC. Creation of new car park. |
| | | Main refurbishment works complete. |
| Approval of full delivery strategy and business case. | Development partner/investor contract agreements signed. | Project end. |
| Completion of track laying. Testing and commissioning. | Re-opening of Paradise Circus. Tram service operational. | Completion of public realm. |
| Opening launch. | Project completion report. | |
| | | Defect correction period completion. |
| Complete CCTV works and associated BT/ electric supply works. | | |
| Outline Business Case approval. Detailed design development. | Tenders returned. Construction procurement process. Contractor appointed. | Full Business Case approval. |
| Projects 3.1 -3.4 design works complete. | Projects 2.1 and 2.2 FBC Cabinet Member Approval and work to start on site. | Project 2.3 FBC Cabinet Member Approval. |
| Completion of remedial works. | | |
| Outline Business Case submitted to GBSLEP. | BCC approval of interim scheme. Options appraisal for final scheme. | Interim scheme implementation. |
| DAL 5 design complete. Planning application submitted. | Planning application approved. Invitation to tender launched. | |
| FBC approval by GBSLEP and BCC. DAL 5 design complete. Planning application submitted. | Delivery agreement signed with HS2 and WMCA. Invitation to tender launched. | |
| Preliminary design completed. | Consultation on draft FBC. | Approval of FBC by GBSLEP and BCC. |
| Quarterly performance to GBSLEP PMO. | Quarterly performance to GBSLEP PMO. | Quarterly performance to GBSLEP PMO. Annual Enterprise Zone report. |

| | Risk | Probability | Impact |
|---|--|----------------|-----------|
| 1 | Business rates reliefs and appeals exceed the provision provided for, impacting on the total collectable rates. | Moderate. | Moderate. |
| 2 | Business rate collection falls below forecast. | Moderate. | Moderate. |
| 3 | Development fails to materialise in accordance with projections which are vulnerable to wider fluctuations in the economy. | Moderate/High. | High. |
| 4 | Modelled income levels are not sufficient to support LEP projects outside of the EZ. | Moderate. | High. |
| 5 | Key EZ project costs increase due to unforeseen rises in cost or delays. | High. | High. |
| 6 | Short term Treasury rates increase beyond those forecast by Treasury. | Moderate. | High. |
| 7 | Interest from businesses in the EZ does not materialise. | Moderate. | High. |
| 8 | Impact of rating revaluation in 2022 reduces income as there is likely to be downward pressure on rateable values given the broader economy and property market. | Moderate. | Moderate. |
| 9 | Reputational impact of the GBSLEP on delivering the programme. | Moderate. | High. |

| Mitigation | Probability | Impact | Lead responsibility |
|--|---------------|--------|---------------------------|
| Managed through Financial Reporting System and contingency allowance. Financial principles reviewed with contingencies increased, resulting in a robust prudent position - January 2019. | Low. | Low. | Programme Delivery Board. |
| To cater for a loss/downturn in overall business rate income, the Accountable Body withholds 15% for all secured business rate income on an annual basis to ensure overall affordability of the programme is maintained. | Moderate. | Low. | Programme Delivery Board. |
| Investment Plan has categorised the business rates growth and a more rigorous management approach has been implemented to align investment decisions with revenue projections. Investment programme financial profile reflects security of revenue income. 15% safety margin also applied to annual EZ income. | Moderate. | High. | Programme Delivery Board. |
| Investment Plan has identified the likely date when resources could be available for these projects. The availability of this funding will be subject to appropriate Governance arrangements and business case requirements. | Moderate. | High. | Programme Delivery Board. |
| Robust assessment of business cases will ensure cost estimates are accurate. Budgets managed for wider programme to ensure projects are affordable within available resources. | Moderate. | High. | Programme Delivery Board. |
| The City Council applies its treasury management rates to prudential borrowing including the latest projections for future years. On the basis of market knowledge/advice from the money markets, these are adjusted as necessary to provide for the most realistic borrowing rates. | Low. | High. | BCC - Financial Services. |
| Implementation of marketing/promotions in line with resources identified in Investment Plan. | Low. | High. | Programme Delivery Board. |
| 5% of gross business rate income allocated within the model to mitigate against reduction in business rates received per rates revaluation review. | Moderate. | Low. | BCC - Financial Services. |
| Monitored by the GBSLEP Executive and managed by the Programme Delivery Board. | Moderate/Low. | High. | Programme Delivery Board. |





Report to the Greater Birmingham and Solihull Local Enterprise Partnership Supervisory Board

20 June 2019

Plan 10,000 Plus

Recommendations

For the Supervisory Board to note the approval of LEP Board to:

1. Endorse the recommendations of the LEP's Employment and Skills Board (ESB) as to the development of a "Plan 10,000 Plus" to increase the cohort of learners commencing NVQ 3+ qualifications in the Greater Birmingham and Solihull (GBS) LEP area.
2. Agree in principle approval of £1.93 million of funding from the Strategic Economic Plan (SEP) Enabling Fund to enable delivery of the Plan.

Background

3. GBSLEP has a longstanding headline ambition to close the gap between the qualification levels of working-age residents at NVQ Level 3+ (A-levels and vocational equivalents to A-levels and above) to those of the national average. This responds to increasing employer demand for higher skilled staff in order to remain competitive in the face of economic changes, and to help drive economic growth and productivity levels.
4. Both the ESB and main Board have noted that the LEP's Skills Delivery Plan, although important in addressing the skills gaps in Greater Birmingham will not, alone, meet the Board's ambition to raise the Level 3+ qualification levels for the city-region to the national average.
5. At the 25 April 2019 Board meeting, the Board endorsed the refreshed Skills Delivery Plan whilst noting the initial work by the ESB and LEP Executive around the Plan 10,000 Plus and encouraging more work to develop an ambitious approach to raise qualification levels.

Key Issues

"Plan 10,000 Plus"

6. To meet the Board's longstanding headline ambition to close the gap between the qualification levels at NVQ3+ levels to those of the national averages, the ESB recommends that the LEP focus its activity on increasing the number of starts at NVQ Level 3 (and above).

7. The recently released 2018 ONS data shows that the working age (16-64) population of Greater Birmingham and Solihull is 1,273,900 and of those 675,900 are qualified at Level 3 and above (53.7%). This compares with the national average of 57.8%. To close the gap over the next five years, the GBS area needs an estimated 24,500 more people of working age each year to progress to Level 3 and above.
8. The long term trend shows that, on average, around 17,200 people each year secure qualifications at NVQ Level 3 and above. During the period 2007 to 2018, 207,800 more people were qualified to Level 3+.
9. Whilst demographic predictions for the region up to 2026 are in our favour (with growth of 16-24 population predicted to grow 3% more than nationally), demographic change alone will not enable us to reach our headline skills target.
10. Given this, the ESB recommends that, to meet its headline KPI, GBSLEP should take additional action by developing a work programme, with partners, that aims to add new and additional provision of approximately 10,000 more Level 3+ starts year-on-year. If achieved, this will close the gap with the current national levels.
11. Combined strategic leadership across a range of agencies is necessary to enable the step change required to deliver and close this gap. This requires a significant change from employers, providers and public agencies collaborating to open the opportunities for those who are wanting to progress and up skill to higher levels.
12. Whilst the LEP Executive already works closely with a variety of strategic and educational institutions including the West Midlands Combined Authority (WMCA) Skills & Productivity Team, Black Country LEP, Coventry and Warwickshire LEP, Further Education & Higher Education Institutions as well as Independent Training Providers, a more co-ordinated strategic approach will be required across all of these agencies to meet this target.
13. The Executive have had initial discussions with the WMCA and neighbouring LEPs and they are, in principle, supportive of the proposed approach as it complements their planned activities. Should the Board approve this Plan, these discussions will be formalised and a detailed work programme produced indicating respective responsibilities in delivery of this Plan.
14. From a GBSLEP perspective this will require increased partnership working, leadership in specific areas and increased resources from the LEP to drive forward this agenda.
15. To that end, the ESB and LEP Executive have developed a high-level plan presented to the Board in appendices a-e aimed at achieving that step change.
16. Appendices A and B set out an overview of the Plan at a high level. Appendix C sets out the detail for each proposed workstream including the rationale for intervention, deliverables and workstream risk. Appendix D outlines proposed interventions that have been discounted at this time and Appendix E outlines the market failure and market opportunity logic chain for each workstream.
17. The plan proposes to run through until March 2023 and has eight key areas of focus:

- **Skills Match** – Increasing Apprenticeship starts and strengthening skills pipelines to meet local economic needs
 - **Growth Hub** – Improving skills related support to businesses via the GBSLEP Growth Hub
 - **Work Academies** – Increasing the number of Work Academies and employer-led short courses in the LEP geography
 - **Strategic Leadership** – Strengthening GBSLEP strategic leadership and cross-institution collaboration
 - **Joint Provider Planning** – Future planning of apprenticeship provision with regional training providers
 - **Graduate Attraction** – Increasing the number of graduates resident in the region.
 - **Adult Participation** – Increasing post-24 year old levels of upskilling with focus on those in employment.
 - **Experimental Approaches** – Increasing the number of new skills approaches to meet emerging and predicted skills needs.
18. The work programme is designed to be modular, as appendix b indicates, and each specific workstream has a targeted number of new learners attached to it. Successful delivery of the programme will lead to 7,000 new starters in the cohort that begins in the academic year September 2021 and 9,000 new starters in the academic year that begins in September 2022. Additional capital funding for work academies will enable this to reach 12,000 new starters by September 2022.
 19. It is the view of the ESB that, in order to achieve the maximum numbers of new learners, the programme should be delivered as a whole – although aspects of it will be phased due to capacity constraints within the LEP Executive.
 20. Some aspects of the plan have already commenced delivery with early successes including the recently successful Office for Students bids in collaboration with our local universities (section 7, Graduate Attraction) and GBS Institute of Technology (Section 4, Work Academies)
 21. To successfully deliver this more ambitious approach, there is a proposed call on the SEP Enabling Fund of £1.93 million over the four financial years commencing 2019/20. £400,000 has already been notionally allocated for financial years 2019/20 and 2020/21. This £1.93 million includes an increase in staffing levels within the LEP Executive skills team of 2 FTE to oversee delivery of the workstreams.
 22. In addition, to £1.93 million of revenue there is an indicative call of £1million of capital funding through the programme. Should additional funding become available through the capital programme, there is scope to expand this capital ask significantly, which will enable up to 12,000 new learners to start in September 2022.
 23. The LEP Executive and ESB have an appetite for more substantial interventions but funding constraints currently limit proposed actions. Some potential projects include:

- a regional adult learning bursary scheme
- Institute of Technology style skills centres for low carbon technologies and cybersecurity
- a technology fund for schools and Further Education colleges to improve staff knowledge of, and student access to, new and emerging technologies.

Next Steps

24. If the Board agrees with the proposal, this programme of work will be further developed by the ESB and LEP Executive over the next few weeks to provide detailed action plans for each of the eight workstreams. The Executive will also commence detailed discussions with project partners on their role in the delivery of the Plan.
25. As part of this, the LEP Executive and ESB will also establish a specific workstream to identify and access further funding to increase delivery impact.

Conclusion

26. GBSLEP Board is asked to note the ambition of the Plan 10,000 Plus and to agree on the scale which the Board would like the LEP Executive to move forward with.
27. This includes a notional additional allocation of £1.93 million over the next four financial years from the SEP Enabling Fund to enable delivery of this Plan. Should the Board agree to this in principle, a more detailed budget breakdown will come to September Board.

Report by: Paul Edwards
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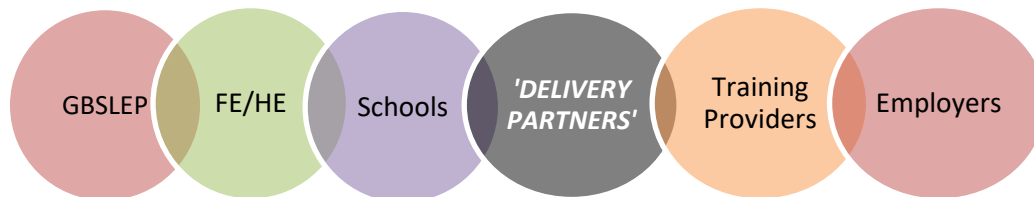
Date Created: 13 June 2019

| Appendices | |
|------------|--|
| a. | Plan 10,000 Plus Skills Masterplan |
| b. | Plan 10,000 Plus Overview Diagram |
| c. | Plan 10,000 Plus |
| d. | Plan 10,000 Plus Additional Interventions (Lower Priority) |
| e. | Logic Chain for Proposed Workstreams |

10,000 Level 3+ Skills Masterplan

AIM:

**Boost Investment & Innovation in
L3+ Skills delivery**



Pilot and Prime new approaches for skills development

Development of new approaches and technologies for future skills needs

Resources: £200k revenue

Geography: GBS & WM when in collaboration with WMCA

Start Date: Q2 2020

Outcomes: 4 new projects with approaches for future skills needs with 1000 starts pa

Key Milestones: 2 pilots running by Q2 2021

GBS Apprenticeship Hub

One stop shop for apprenticeship support, marketing, and intelligence.

Resource: £500k revenue

Geography: GBS with potential for WM

Start Date: Q1 2020 for 3 years

Outcome: 2000 apprenticeship starts pa by year 2

Key Milestone: 1000 key sector starts by end of 2020

Skills Hub

Skills branch of the GBSLEP Growth Hub to assist employers with skills needs.

Resource: £260k (historical figure already allocated), additional 80k revenue pa

Geography: GBS

Start Date: Q1 2020 for 3 years

Outcome: 350 SMEs assisted with skills issues pa with 2000 workers pa accessing courses by year 2

Key Milestone: 150 SMEs assisted by end of Q2 2020

Increased Political Campaigning

Lobbying by GBSLEP around macro-level skills issues

Resources: £10k revenue

Geography: In collaboration with WM LEPs and WMCA

Start Date: Q3 2019

Outcome: Increased political lobbying on skills issues

Key Milestones: Ministerial facetime by Q2 2020

Reduce Barriers to Adult Participation

Pilots around new forms of learning, mentor schemes with more experienced workers, joint work with Trade Unions to increase progression to Level 3+ qualifications

Resources: £100k revenue

Geography: GBS with mentoring covering WM

Start Date: Q1 2020

Outcomes: 1000 new adult learners progressing to Level 3+ pa

Key Milestones: 2 pilots launched by Q3 2020

Attraction and retention of Graduates

Expansion of existing graduate KTP and SME/graduate job matching schemes. Resident mentoring schemes.

Resources: £200k revenue

Geography: GBS

Start Date: Q3 2019

Outcome: Top city for graduate retention outside of London by 2023. Increase of share of students who return to the region to work after graduation to 55% by 2023

Key Milestone: 1000 new graduates working in the region pa

1) Skills Match
£500k revenue

2) Growth Hub
£240k revenue

3) Work Academies
£300k revenue
£1m capital

4) Strategic Leadership
£10k revenue

5) Joint Provider Planning
£20k revenue

6) Graduate Attraction
£200k revenue

7) Adult Participation
£100k revenue

8) Experimental Approaches
£210k revenue

Plan 10k Plus

Revenue £1.93m to financial year end 2023

Capital £1m

Outputs: 9,000 new learners by Sep. 2022 (12,000 with additional capital funding)

Work Academies

Increase the number of employer-led Work Academies and boost promotion and expansion of existing academies.

Resources: £100k revenue, £1million capital

Geography: GBS with potential WM in collaboration with other LEPs

Start Date: Q4 2019

Outcome: 2 work academies initially (500 learners p.a.) with aim to increase to 8 with next capital funding release

Key Milestone: By start of academic year 20/21 two work academies will have launched

Employer-led short courses

Increase employer-led short courses to meet industry upskilling needs

Resources: £200k revenue

Geography: WM

Start Date: Q1 2020

Outcome: 10 new short courses upskilling 1000 workers pa

Key Milestone: 5 courses running by start of academic year 2020/21

Strengthen regional co-operation and delivery

Create LEP Executives WM skills group, shared digital infrastructure. Integration of skills plans into LIS, clear marketing of skills strategies.

Resources: £10k

Geography: WM

Start Date: Q3 2019

Outcome: Increased regional co-operation

Key Milestones: WMLEP skills executives group + digital infrastructure in place by Q4 2019

Advanced + Higher Apprenticeship Provider Planning

Forward planning of future apprenticeship provision with training providers.

Resources: £20k revenue

Geography: WM

Start Date: Q3 2019

Outcome: Reduction in gaps in apprenticeship pipelines for key sectors

Appendix C – Plan 10,000 Plus

| 1) <u>SKILLS MATCH</u> | |
|---|---|
| <u>GBS Apprenticeship Hub</u> | |
| One stop shop for apprenticeship support, marketing and intelligence | |
| Action | GBS Apprenticeship Hub |
| Rationale | <p>A centralised hub for employers and potential apprentices to guide them through the apprenticeship process, as well as providing apprenticeship intelligence, marketing and campaigns for the region. This approach has proved successful for other LEPs in the country e.g. West Yorkshire, Solent and replication in Greater Birmingham & Solihull has strong potential to accelerate apprenticeship starts in the geography.</p> <p>The Apprenticeship Hub will also:</p> <ul style="list-style-type: none"> a) Fill Apprenticeship gaps for both standards and quality provider availability b) Supercharge Higher Apprenticeships with FE/HE for key sectors for growth subjects. c) Clear Level 3+ routes/pipelines to employment in place (not just for apprenticeships) |
| Deliverables | <p>2000 apprenticeship starts per annum by Year 2</p> <p>500 companies engaged per annum</p> |
| Timings | Start: Q1 2020 |
| Resources | <ul style="list-style-type: none"> • Website • Physical space for apprenticeship hub team • Marketing materials • Consider European Social Fund Call (ESF) |

Appendix C – Plan 10,000 Plus

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| | <ul style="list-style-type: none"> • WMCA Adult Education Budget • WMCA Apprenticeship Levy Scheme |
| Milestones | 1000 apprenticeship starts by end of 2020 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • WMCA • Further Education (FE) • Higher Education (HE) • Independent Training Providers |
| GBSLEP Resources | <ul style="list-style-type: none"> • Growth Hub • Skills for Growth Hub • Labour Market Information (LMI) • Employment & Skills Board (ESB) • £500k revenue for three years to support three new staff for the Hub (2 advisors, 1 manager) |
| Impact | High Impact |
| Risk | <p>Med/High Risk</p> <ul style="list-style-type: none"> • Substantial financial + resource investment • Requires strategic and resource co-ordination with other bodies • Requires substantial ITP/FE/HE buy in • Possibility of joint partnership with WMCA • Quality checking of providers • Sustainable funding |
| Action | a) Fill Apprenticeship gaps for both standards and quality provider availability |
| Rationale | <p>Whilst the number of apprenticeship standards in existence has recently passed the 400 mark, there are still gaps in both standards for specific sectors and, even more significantly, substantial gaps in provision across our geography. This will also involve encouraging employers to increase involvement in the design of apprenticeship standards and</p> |

Appendix C – Plan 10,000 Plus

| | |
|--------------------|---|
| | modules. |
| | |
| Deliverables | <ul style="list-style-type: none"> • Increase in the number of key sector apprenticeship standards delivered within the GBSLEP geography • Increase regional employers involved in apprenticeship design |
| Timings | <ul style="list-style-type: none"> • Ongoing but increased resources will lead to increase in scale of work and consistency |
| Resources | <ul style="list-style-type: none"> • Adult Education Budget (AEB) • WMCA Levy Transfer |
| Milestones | <ul style="list-style-type: none"> • 25% Increase of apprenticeship standards delivered in the geography for each of our key sectors by 2021 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • WMCA • ITPs • FE + HE • Industry bodies and Business Representative Organisations (BROs) • Midlands Engine |
| GBSLEP Resources | <ul style="list-style-type: none"> • ESB • Skills Taskforces • Local Industrial Strategy • LMI • Apprenticeship data (data cube) • Increased GBSLEP skills staff (apprenticeship hub) |
| Impact | Initially Low during development, with potential to rise to medium after an 18-24 month lag as provision comes online. |
| Risk | Low Risk <ul style="list-style-type: none"> • Potential changes to apprenticeship funding |

Appendix C – Plan 10,000 Plus

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| Action | b) Supercharge Higher Apprenticeships with FE/HE for key sectors for growth subjects. |
| Rationale | Higher level apprenticeships offer an excellent recruitment tool for employers. At the end of an apprenticeship employers have an employee with a degree (or similar qualification) and a heavily embedded understanding of the workplace and the employer's ethos. It also offers a strong way to upskill middle and senior management and specialists. Higher Apprenticeships also have the opportunity to increase the concentration of under-represented demographics in key sectors as the combination of a salary and no student fees for an apprenticeship can break down financial barriers. Feedback from employers who have taken on higher level apprentices has been strong, but whilst there has been a substantial increase in higher level apprenticeship starts, we are still not seeing either enough delivery or take up in key sectors for growth. |
| Deliverables | <ul style="list-style-type: none"> • Increase level of Higher Level apprenticeship starts to 2500 for 2019/20 • Increase number of degree apprenticeship standards for key sectors offered in the GBSLEP geography by 20% by academic year 2021/2 |
| Timings | <ul style="list-style-type: none"> • Commence quarter 3 2019 for start of academic year 2020/2021 |
| Resources | <ul style="list-style-type: none"> • ESF • Apprenticeship hub website • Higher Education Statistics Agency (HESA) data |
| Milestones | <ul style="list-style-type: none"> • 1750 Higher Level Apprenticeship starts by R06 ESFA Data Cube data release (start of Q3 2020) |
| Lead Organisations | <ul style="list-style-type: none"> • HE + FE organisations • Higher Level Skills Match • Office for Students (OfS) Bids • Relevant ITPs • Industry bodies and BROs • Midlands Engine |

Appendix C – Plan 10,000 Plus

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| GBSLEP Resources | <ul style="list-style-type: none"> • Growth Hub/Skills for Growth Hub • LMI • Apprenticeship data (ESFA Data Cube) |
| Impact | Medium |
| Risk | <p>Medium Risk</p> <ul style="list-style-type: none"> • Macro level policy + funding changes around apprenticeships – possibility that funding levels will be reduced for higher level apprenticeships • Building/expanding a new market |

| | |
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| Action | c) Clear Level 3+ routes/pipelines to employment in place (not just for apprenticeships) |
| Rationale | To ensure that employers in the region have access to the skilled labour required to drive economic growth and bring the region to the target of meeting the national average of working age residents qualified to Level 3+, it is important that clear skills pipelines (of all qualification types) for all our key sectors for growth exist. This will enable identification and filling of qualification gaps, make training options clear to employers, and provide clear progression routes for students. |
| Deliverables | Clear skills pipelines for key sectors for growth. |
| Timings | Start Q3 2019, building on existing mapping work |
| Resources | <ul style="list-style-type: none"> • Apprenticeship hub website • HESA data |
| Milestones | Publically available pipeline data by end Q2 2020 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • WMGC • WMCA |

Appendix C – Plan 10,000 Plus

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| | <ul style="list-style-type: none">• Careers and Enterprise Company (CEC) Careers Hub• Prospects• 'Other' careers hubs |
| GBSLEP Resources | <ul style="list-style-type: none">• Growth Hub + Growth Hub website• GBSLEP website• LMI• ESB• Additional LEP skills staff |
| Impact | Medium Impact |
| Risk | Low Risk <ul style="list-style-type: none">• Needs strong employer engagement• Requires buy in from FE/HE + ITPs along with strategic skills organisations |

Appendix C – Plan 10,000 Plus

| <u>2) Growth Hub</u> | |
|---|---|
| Skills branch of the GBSLEP Growth Hub to assist employers with skills needs | |
| Action | 2a) Skills Hub - Strengthen skills advocacy across the GBSLEP Growth Hub |
| Rationale | <p>There is currently no specialist skills brokers or advisors within the GBSLEP Growth Hub. The Growth Hub is the main point of contact between GBSLEP and SMEs in the region. The Growth Hub offers intensive support to c.200 businesses a year, and engages c.1000.</p> <p>A Skills Hub would resolve this situation, providing specialist skills advisors to assist our SMEs with their skills needs, identify skills issues SMEs are unaware of and support their workforce into training.</p> <p>The Skills Hub will also i) help/advocate employers to accurately vocalise skills needs and ii) engage in employer inspiration activities</p> |
| Deliverables | <ul style="list-style-type: none"> • 350 micro, Small and Medium-sized Enterprises (including cooperative enterprises, enterprises of the social economy) supported with Training Needs Analysis, skills advice and brokerage support with skills needs/issues per annum. • 2000 workers (SME workforce) progressing into or within skills provision per annum by year 2 |
| Timings | Start: Q1 2020 for three year period |
| Resources | <ul style="list-style-type: none"> • £260k previously allocated by Board as match from GBSLEP Growth Hub to ESF bid (50% match funding) available to use • Match for brokers also being offered by delivery partner organisations – for example Solihull Metropolitan Borough Council, Kidderminster College, BMET, Birmingham City Council • 1 Manager/4 brokers planned currently • Location space shared with Growth Hub • Marketing with Growth Hub |

Appendix C – Plan 10,000 Plus

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| | <ul style="list-style-type: none"> • CRM (Evolutive) |
| Milestones | <ul style="list-style-type: none"> • 150 SMEs assisted by end of Q2 2020 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP Growth Hub • Greater Birmingham Chambers of Commerce (GBCC) |
| GBSLEP Resources | <ul style="list-style-type: none"> • Skills Hub – 4 brokers/advisors, 1 manager • LMI • Skills Team |
| Impact | <p>Medium/High Impact</p> <ul style="list-style-type: none"> • Growth Hub does not currently engage SMEs at a scale large enough for high impact • Project has ability to host key skills focused events and support with employers – increasing connectivity with new SME and micro employers |
| Risk | <p>Low/Med Risk</p> <ul style="list-style-type: none"> • If managed well and reviewed to ensure quality response times and advice • If ESF does not materialise, options for LEP to consider to carry out function separately to ESF funding source |

| | |
|--------------|--|
| Action | 2b) Help/advocate employers to accurately vocalise skills needs |
| Rationale | Creation of a tool/process for employers to clearly state issues and assist with intelligence gathering. Currently testing a Training Needs Analysis toolkit through Higher Levels Skills Match with the option to use/adapt this toolkit. Alternatively to create new toolkit/CRM platform to store needs |
| Deliverables | <ul style="list-style-type: none"> • CRM to keep employers skills needs • Better understanding of employers' skills requirements locally? |
| Timings | Start: Q4 2019 |
| Resources | <ul style="list-style-type: none"> • CRM – Evolutive or alternative • Marketing • Websites |

Appendix C – Plan 10,000 Plus

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|--------------------|--|
| | <ul style="list-style-type: none"> • Analysis of information in tool/process |
| Milestones | Fully operational Q2 2020 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • WMCA |
| GBSLEP Resources | <ul style="list-style-type: none"> • Stakeholder engagement team • ESB |
| Impact | <p>Low Impact</p> <ul style="list-style-type: none"> • To start, interventions will likely have a low number of participants, limiting impact • Could rise over time as interventions potentially snowball/good practice spreads |
| Risk | <p>Low Risk</p> <ul style="list-style-type: none"> • Low cost • Reputational risk small • GDPR – sharing of data |

| | |
|--------------|---|
| Action | 2c) Employer inspiration schemes to invest in training new and existing staff |
| Rationale | As well as inspiring potential learners to enter key sector for growth pipelines, it is vital that we are able to increase the number of employers who are investing in quality training. One way we can contribute to a rise is through the use of inspiration campaigns aimed at employers. |
| Deliverables | <ul style="list-style-type: none"> • Intelligence gathering, • Case studies of key sector employers who have benefitted from investigating in upskilling staff • Examples of good practice |
| Timings | Start Q4 2019 |
| Resources | <ul style="list-style-type: none"> • Education and Skills Funding Agency (ESFA)/5 Cities • ESFA co-financing ESF Skills Support for Workforce and for Redundancy Support – from 1 April 2019 – fully funded courses and part of courses Level 3+ |

Appendix C – Plan 10,000 Plus

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| | <ul style="list-style-type: none"> • WMCA funds – Digital Retraining Fund • Learning and experience from the WMCA Career Learning Pilot |
| Milestones | 2 employer inspiration campaigns run by end of 2020 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP Growth Hub • GBCC • Sector Skills Councils (or equivalent bodies) • BROs • Media organisations – Reach PLC, DesiBlitz etc. (focus on BAME businesses who under-invest) |
| GBSLEP Resources | <ul style="list-style-type: none"> • Growth Hub • Stakeholder Engagement Team • ESB |
| Impact | Med Impact |
| Risk | Low Risk <ul style="list-style-type: none"> • ESF Skills Training Response Fund may not materialise. |

Appendix C – Plan 10,000 Plus

| <u>3) Work Academies</u> | |
|---|---|
| Increase the number of employer-led Work Academies and boost promotion and expansion of existing academies. Increase employer-led short courses to meet industry upskilling needs. | |
| Action | Increase employer led Work Academies |
| Rationale | <p>Employer led work academies have proved successful models to increase the work-readiness of students and have effectively increased private sector – FE/HE collaboration, leading to students being better equipped with more relevant skills for workplaces in our key sectors, driving productivity and enabling employers to increase economic growth. It is thus important that not only do we continue to promote work academies, but also work with providers and employers to develop and test new models for employer led academies.</p> <p>Whilst current GBSLEP funding levels limit the number of work academies which we have capital funding for, we intend to develop a project pipeline of a further 6 academies for when further capital funding is announced whether in the form of UK Shared Prosperity Fund (UKSPF), Brexit related funds, DfE funding rounds or other.</p> |
| Deliverables | <ul style="list-style-type: none"> Initially support the development of two new models for employer led Academies by the start of academic year 2020/21 with 500 learners p.a. by academy. Aim to increase to 8 work academies when additional capital funding acquired. |
| Timings | Start: Q3 2019 for academic year 2020/21 |
| Resources | <ul style="list-style-type: none"> GBSLEP LGF ESF 2.1 Department for Education (DfE)/ESFA Employers |
| Milestones | <ul style="list-style-type: none"> Two new forms of employer led academies launched by academic year 2020/21 |

Appendix C – Plan 10,000 Plus

| | |
|--------------------|--|
| Lead Organisations | <ul style="list-style-type: none"> • Employers • GBSLEP • WMCA • FE • ITPs <p>Industry bodies</p> |
| GBSLEP Resources | <ul style="list-style-type: none"> • Capital Funding – up to £500k per academy • Revenue Funding – £100k – to prime course development • Future Economy • ESB • Skills team |
| Impact | Low Impact initially increasing to medium/high as they come online. |
| Risk | <p>Medium risk</p> <ul style="list-style-type: none"> • Proven model but requires substantial financial investment. |

| | |
|--------------|--|
| Action | 3b) Super boost promotion of current academies across GBS through our employer networks |
| Rationale | Employer led work academies have proved successful models to increase the work-readiness of students and have effectively increased private sector – FE/HE collaboration, leading to students better equipped with more relevant skills for workplaces in our key sectors, driving productivity and enabling employers to increase economic growth. It is thus important that existing good examples are promoted to employers and potential students, and successful work academies supported in their expansion. |
| Deliverables | <ul style="list-style-type: none"> • Case studies of successful academies produced • Examples of good practice elsewhere collated and shared • Supporting/expanding successful examples • Increased employer involvement a formalised requirement for LGF funding |

Appendix C – Plan 10,000 Plus

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|--------------------|--|
| Timings | Start Q2 2020 |
| Resources | <ul style="list-style-type: none"> • Social Media campaign • Traditional media sources • Conference/symposium on the issue? |
| Milestones | Two case studies disseminated by Q4 2020 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • ESB • WMCA FE Group • WMGC • Prospects • CEC |
| GBSLEP Resources | <ul style="list-style-type: none"> • Stakeholder engagement team • Growth Hub • Capital funding for expansion |
| Impact | Low/Medium Impact |
| Risk | Low Risk |

| | |
|-----------|---|
| Action | 3c) Introduce and support employer led short courses in blended skill programmes offering opportunities to progress in learning/work |
| Rationale | Increasingly boot camp and other short courses are proving important tools in ensuring workforce are able to meet rapidly changing technical skills needs and supporting transferable skills. |

Appendix C – Plan 10,000 Plus

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|--------------------|---|
| Deliverables | <ul style="list-style-type: none"> • Increase in boot camps/short courses for key sectors for growth • Possible courses include cyber for boards, Intro to (fr)Agile for non 'TECH' SMES, cyber for SMESs, creative ind etc. • 1000 new learners p.a. by academic year 2021/22 |
| Timings | <ul style="list-style-type: none"> • Course commissioning call 1 – quarter 1 2020 • Course commissioning call 2 – quarter 4 2020 |
| Resources | <ul style="list-style-type: none"> • Adult Education Budget • WMCA Digital Retraining Fund • Employers • Providers • Employer Sponsorship |
| Milestones | <ul style="list-style-type: none"> • 5 courses running by start of academic year 2020/21 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • Growth Hub • Providers • Industry bodies + BROs • Employers |
| GBSLEP Resources | <ul style="list-style-type: none"> • Growth Hub • Stakeholder Engagement team • ESB • Revenue Funding - £200k • Potential Capital funding for equipment and other resources |
| Impact | Low/Medium Impact |
| Risk | <p>Medium Risk</p> <ul style="list-style-type: none"> • New approaches may be unsuccessful • Requires industry buy-in • ££ investment |

Appendix C – Plan 10,000 Plus

| <u>4) Strategic Leadership</u> | |
|---|--|
| Create LEP Executives WM Skills group, shared digital infrastructure, integration of skills plans into LIS and clear marketing of skills strategies. | |
| Action | 4a) Strengthen regional co-operation and delivery. |
| Rationale | Whilst co-operation between strategic skills bodies across the WM region has increased since the first GBSLEP Skills Delivery Plan was launched, this can be improved with clearer definition of roles and responsibilities of organisations to avoid duplication and ensure activity is not missed. This will strengthen private sector confidence in our ability to effectively deliver. |
| | |
| Deliverables | <ul style="list-style-type: none"> • Establish West Mids LEPs executive skills group • Creation of key sector skills groups across West Mids • LEPs skills group • Shared digital infrastructure (cloud storage + project working software – Asana/Slack/Teams etc.) |
| Timings | <ul style="list-style-type: none"> • Digital Infrastructure 3rd quarter 2019 • West Mids LEPs skills group – 3rd quarter 2019 |
| Resources | <ul style="list-style-type: none"> • Digital infrastructure |
| Milestones | <ul style="list-style-type: none"> • Digital Infrastructure 3rd quarter 2019 • West Mids LEPs skills group – 2nd quarter 2019 • LEPs skills group – by end 2019 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • WMCA • LAs • LEPs • Midlands Engine |

Appendix C – Plan 10,000 Plus

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| GBSLEP Resources | <ul style="list-style-type: none"> GBSLEP Skills Team |
| Impact | Low/Medium <ul style="list-style-type: none"> Reduces chances of duplication Increases private sector understanding of, and confidence in, strategic skills organisations |
| Risk | Low <ul style="list-style-type: none"> No financial input required Relationships are already positive, formalising structures. |

| | |
|--------------------|---|
| Action | 4b) 'One team' player for GBS, WMCA and other strategic bodies to promote joint working |
| Rationale | There is often confusion amongst employers as to the strategic skills landscape across the GBSLEP and wider West Mids geography. Presenting a unified marketing strategy and message around skills will increase stakeholder confidence in the strategic skills landscape and make it clear which organisations lead on which key sectors for growth. |
| Deliverables | <ul style="list-style-type: none"> Joint marketing of strategy Clear organograms of strategic bodies Demonstrating talking with one voice Industry understanding of which sectors are the responsibility of which organisation |
| Timings | Start Q3 2019 |
| Resources | <ul style="list-style-type: none"> Joint marketing materials WMCA website LEP websites |
| Milestones | <ul style="list-style-type: none"> Formalisation of sector splits by quarter 3 2019 Joint organigram by WMCA/LEPs by end of 2019 |
| Lead Organisations | <ul style="list-style-type: none"> GBSLEP WMCA Coventry & Warwickshire (CWLEP)+Black Country LEP (BCLEP) |

Appendix C – Plan 10,000 Plus

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|------------------|--|
| GBSLEP Resources | <ul style="list-style-type: none"> • GBSLEP website • Growth Hub Website • Stakeholder engagement team • ESB |
| Impact | Low Impact <ul style="list-style-type: none"> • Low impact in terms of numbers on qualifications, but increase in confidence of employers at a joined up system |
| Risk | Low risk |

| | |
|--------------|--|
| Action | 4c) Fully integrate and consolidate skills plans in LIS delivery plans for growth |
| Rationale | Local Industry Strategy (LIS) has led to the development of both an overarching LIS for the West Midlands Region as well as sector specific approaches. There are currently 12 sector specific delivery plans ¹ with GBSLEP leading on 5 (BPFS, Creative Industries, Life Sciences, Low Carbon/Energy Services + Tech, Food & Drink). It is important that GBSLEP skills plans are fully integrated with the LIS, avoid duplication and support aims of the LIS delivery plans with skills interventions clearly supported. |
| Deliverables | Clear correlation between sector-based LIS (and resources) and skills plans. |
| Timings | Start: Q3 2019 |
| Resources | <ul style="list-style-type: none"> • LIS teams |
| Milestones | Clear and understandable correlation between SDP and LIS by quarter 4 2019. Date could be impacted by delayed announcement of LIS resources. |

¹ The 12 sector specific delivery plans are as follows: BPFS, Creative Industries, Life Sciences, Low Carbon/Energy Services + Tech, Food & Drink (GBSLEP), Metals and Materials, Aerospace, Construction (BCLEP), Logistics, Automotive, Rail (CWLEP), Tourism (WMGC),

Appendix C – Plan 10,000 Plus

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|--------------------|---|
| Lead Organisations | <ul style="list-style-type: none">• GBSLEP• WMCA• CWLEP• BCLEP |
| GBSLEP Resources | <ul style="list-style-type: none">• Skills, Stakeholder Engagement + business teams• Predicted no funding required (with caveat that this depends on LIS resource allocation from central government and WMCA)• GBSLEP website• Growth Hub website |
| Impact | Medium impact in growth sectors <ul style="list-style-type: none">• Unified sector strategies covering the West Mids region. |
| Risk | Low risk <ul style="list-style-type: none">• Under our oversight which should reduce risk• Risk that extra funding to deliver LIS not provided• Brexit-related slippage |

Appendix C – Plan 10,000 Plus

| <u>5) Joint Provider Planning</u> | |
|--|--|
| Forward planning of future apprenticeship provision with training providers | |
| Action | 5a) Engage largest Advanced and Higher Apprenticeship providers in planning skills growth |
| Rationale | To avoid being constantly reactive to skills shortages, it is important that we begin to forward plan future provision. This will be very hard if we do not engage our largest providers to support their delivery but also to co-operatively strategically plan delivery across the region. From work done as part of 1b we will be able to identify areas in our key sector skills pipelines where there is a lack of provision, identify future skills needs and work with providers to ensure provision is in place. |
| | |
| Deliverables | <ul style="list-style-type: none"> • Map all relevant providers. • Form provider networks/sessions |
| Timings | Start Date: Q3 2019 |
| Resources | <ul style="list-style-type: none"> • WMCA Adult Education Budget • Association of Employment and Learning Providers (AELP) • Birmingham & Solihull Provider Network |
| Milestones | <ul style="list-style-type: none"> • First provider session q4 2019 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • WMCA • AELP • Birmingham & Solihull Training Provider Network • Training Providers • WM LEPs |
| GBSLEP Resources | <ul style="list-style-type: none"> • Stakeholder Engagement • ESB |

Appendix C – Plan 10,000 Plus

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| | <ul style="list-style-type: none">• LMI + skills data• £20k revenue for future skills needs analysis and events |
| Impact | Small/Medium Impact |
| Risk | Med risk <ul style="list-style-type: none">• Highly competitive culture and landscape |

Appendix C – Plan 10,000 Plus

| <u>6) Graduate Attraction</u> | |
|--|--|
| Expansion of existing employer/graduate matching schemes. Resident mentoring schemes. | |
| Action | 6) Attract and retain graduates for our key sectors for growth. |
| Rationale | The need to attract graduates to work in the region (whether that is through retaining graduates who have studied here or through attracting graduates from elsewhere) is vital if we are to meet our skills shortages. There are currently a number of Knowledge Transfer Partnerships and SME/graduate job matching schemes in existence which deliver strongly, but can have a greater impact if scaled further and expanded to focus on more of our key sectors. |
| | |
| Deliverables | <ul style="list-style-type: none"> • Top city for graduate retention outside of London by 2023 • Increase of share of students who return to the region to work after graduation to 55% by 2023 • 1000 new graduates working in the region p.a. by academic year 2022/23 |
| Timings | Start Q3 2019 |
| Resources | <ul style="list-style-type: none"> • ESF • OfS • HESA |
| Milestones | <ul style="list-style-type: none"> • Increase of 1000 graduates working in the region pa. |
| Lead Organisations | <ul style="list-style-type: none"> • Universities WM • Regional HE • OfS • GBSLEP • WMCA • Graduate Advantage |

Appendix C – Plan 10,000 Plus

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| | <ul style="list-style-type: none">• HLSM |
| GBSLEP Resources | <ul style="list-style-type: none">• ESB• Revenue Funding £200k |
| Impact | Medium Impact |
| Risk | Medium risk |

Appendix C – Plan 10,000 Plus

| <u>7) Adult Participation</u> | |
|---|--|
| Support pilots around new forms of learning, mentor schemes with more experienced workers, and collaboration with Trade Unions to increase progression to Level 3+ qualifications. | |
| Action | 7a) Reduce barriers to adult participation in learning |
| Rationale | There has been a substantial drop in adult learning rates, heavily impacted by changes to funding regimes. Whilst we recognise that we lack the resources and statutory power to change these funding issues, there is work we can do to lessen barriers adults face in participating in learning. |
| | |
| Deliverables | <ul style="list-style-type: none"> • Develop pilots around new forms of learning • 1000 new adult learners progressing to Level 3+ p.a. by September 2022 • Political pressure on central government to reverse funding cuts (8b) • Collate and summarise research into adult barriers |
| Timings | Start: Q1 2020 |
| Resources | <ul style="list-style-type: none"> • WMCA AEB • WMCA Digital Retraining Fund |
| Milestones | <ul style="list-style-type: none"> • Two pilots running by Q2 2021 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • WMCA • Providers |
| GBSLEP Resources | <ul style="list-style-type: none"> • LMI + skills data • Stakeholder engagement • GBSLEP Growth Hub • Revenue funding |
| Impact | Medium Impact |

Appendix C – Plan 10,000 Plus

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| Risk | High Risk <ul style="list-style-type: none"> • Political risk • Potential high funding |
| Action | 7b) Joint working with Trade Unions to connect lower skilled to higher skilled pathways and greater job security |
| Rationale | Trade Unions have substantial membership bases in our geography with concentrations in a number of our key growth sectors. They have regional skills teams as well as the national Union Learn organisation. The Workers' Educational Association is the largest voluntary sector provider of adult education in the UK and in 2017/18 had more students in our geography than a medium sized FE college. Whilst they work with employers to develop training for workers, these links can be improved and there is some weakness around connecting lower skilled workers to higher skills pathways which can lead to increased productivity for companies. |
| Deliverables | <ul style="list-style-type: none"> • Joint union/LEP campaign • Link Union Learn apprenticeship campaign into Ladder/Apprenticeship Hub • Provide clear higher level skills pipelines to union skills teams. • Union representation on ESB |
| Timings | Start Q1 2020 |
| Resources | <ul style="list-style-type: none"> • Union Learn • Union Regional Skills teams • Union skills funding (currently under-accessed) |
| Milestones | <ul style="list-style-type: none"> • Establish joint union/LEP campaign by Summer 2020 • Integrate Union Learn apprenticeship campaign into Ladder/Apprenticeship Hub – first quarter 2020 |
| Lead Organisations | <ul style="list-style-type: none"> • Union Learn • TUC • Unison • Unite |

Appendix C – Plan 10,000 Plus

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|------------------|---|
| | <ul style="list-style-type: none"> • WEA • GBSLEP • WMCA |
| GBSLEP Resources | <ul style="list-style-type: none"> • Growth Hub • LMI • Pipeline information • Skills Team • Revenue |
| Impact | Low/Med impact <ul style="list-style-type: none"> • Potential to reach 100k+ members of the workforce |
| Risk | Low Risk |

| | |
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| Action | 7c) Identify and help those interested in study at L3+ and more support to get them there whilst in work. |
| Rationale | Research has repeatedly highlighted the strength of mentoring schemes in supporting workers through technical training. Not only do they help increase completion rates but they also act as ways to transfer on-the-job knowledge from more experienced workers to newer workers. |
| | |
| Deliverables | <ul style="list-style-type: none"> • Retaining knowledge from older workers passing onto younger workers • Mentoring scheme |
| Timings | <ul style="list-style-type: none"> • Start Q4 2020 |
| Resources | <ul style="list-style-type: none"> • WMCA Digital retraining fund • ESF |
| Milestones | <ul style="list-style-type: none"> • 200 workers on mentoring scheme by Q2 2021 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • Growth Hub |

Appendix C – Plan 10,000 Plus

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|------------------|--|
| GBSLEP Resources | <ul style="list-style-type: none">• Growth Hub |
| Impact | Low Impact |
| Risk | Low Risk |

Appendix C – Plan 10,000 Plus

| <u>8) Experimental Approaches</u> | |
|---|---|
| Development of new approaches to, and technologies for, future skills needs and increased lobbying by GBSLEP around macro-level skills issues. | |
| Action | 8a) Pilot and prime new models for skills development in line with future skills forecast needs/priorities |
| Rationale | In a period of rapid technological development, there will be an increase in new models and technologies for skills development. If we are to become a global city region by 2030 it is vital that we are at the forefront of skills development. We shall thus assist the scale up of promising pilots in the region |
| | |
| Deliverables | <ul style="list-style-type: none"> • Support 4 new skills schemes • 1000 learner starts p.a. by Sep 2022 |
| Timings | Start Q2 2020 |
| Resources | <ul style="list-style-type: none"> • WMCA AEB • WMCA Digital Retraining Fund • WMCA Edtech fund |
| Milestones | 2 pilot schemes running by Q2 2021 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • WMCA • Providers |
| GBSLEP Resources | <ul style="list-style-type: none"> • £200k revenue |
| Impact | Low Impact <ul style="list-style-type: none"> • Must have capability to scale |
| Risk | High Risk <ul style="list-style-type: none"> • Pilot activities to test out new models have higher risk than established projects and organisations |

Appendix C – Plan 10,000 Plus

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| Action | 8b) Increased political campaigning around skills issues which effect the region |
| Rationale | Many of the largest impacts (both negative and positive) on the skills landscape are at a macro-level with policy set by central government. Currently there is little lobbying or campaigning around these issues from GBSLEP, putting us in contrast to other organisations in the sphere. |
| | |
| Deliverables | <ul style="list-style-type: none"> • Face-face meetings with ministers • Thought pieces published in relevant sources such as FE week |
| Timings | Start date: Q3 2019 |
| Resources | <ul style="list-style-type: none"> • WMCA Skills Board • Midlands Engine Skills Board • MPs' offices • LEP Network |
| Milestones | Ministerial meetings by Q2 2020 |
| Lead Organisations | <ul style="list-style-type: none"> • GBSLEP • GBSLEP Board • GBSLEP ESB • WMCA • West Midlands LEPs • LEP Network • Midlands Engine |
| GBSLEP Resources | <ul style="list-style-type: none"> • Revenue £10k • GBSLEP Board |
| Impact | <p>Low Impact</p> <ul style="list-style-type: none"> • Must have capability to scale |

Appendix C – Plan 10,000 Plus

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| Risk | <div data-bbox="591 236 712 268">High Risk</div> <ul style="list-style-type: none"><li data-bbox="645 276 1637 304">• LEPs are ‘non-political’ organisations and thus has potential reputational issues |
|------|---|

Appendix D – Plan 10,000 Plus Additional Interventions (lower priority)

| Action | Strand | Rationale for Support | Rationale for Lower Priority |
|---|------------------|--|---|
| Supercharge Ladder for GBS | 1 – Skills Match | Ladder is an existing project combining marketing/inspiration campaigns and support | Ladder is comparatively short timescale campaign. Doesn't include intelligence and pipeline development . |
| Filling gaps in Apprenticeship Pipelines | 1 – Skills Match | There are considerable gaps in provision of standards for key sectors. To make apprenticeships relevant to key sectors these gaps need to be filled. | Subsumed into the Apprenticeship Hub proposal |
| Supercharge Higher Apprenticeships with FE/HE for key sectors | 1 – Skills Match | Higher Apprenticeships are beginning to prove popular with employers. Strong recruitment tool, can upskill more senior workers and offer a tool for increasing levels of leadership. | Subsumed into the Apprenticeship Hub proposal Concerns over funding for Higher Apprenticeships going forward |
| Promote and broker public sector apprenticeships | 2 – Growth Hub | Public sector organisations are some of the largest employers in the geography | Many public sector organisations already actively pursuing this so no clear role of LEP |
| Help employers to accurately vocalise skills needs | 2 – Growth Hub | Important to enable employers to accurately state issues – creation of Training Needs Analysis toolkit | Subsumed into the Skills Hub proposal |
| Employer Inspiration Scheme | 2 – Growth Hub | Inspiration/marketing campaign aimed at employers encouraging investment in staff training | Subsumed into the Skills Hub proposal |

Appendix D – Plan 10,000 Plus Additional Interventions (lower priority)

| Action | Strand | Rationale for Support | Rationale for lower priority |
|--|--------------------------|--|--|
| Creation of a single skills executive for all 3 WM LEPs | 3 – Strategic Leadership | Bringing together the three LEP skills teams would ensure strong collective priorities. | Good collective work is ongoing. Unnecessary structural changes detract from delivery. |
| Regional Adult Education Grant Fund | 6 - Adult Participation | There has been a noticeable drop in adult learning rates heavily impacted by changes to funding regimes. A grant fund to support adult learners with learning costs of qualifications in key sectors has strong potential to increase learner numbers. | £2m+ revenue to make impact. Outside of reach of current LEP budgets. |
| Marketing campaign to attract graduates from outside the region | 7 – Graduate Attraction | The issue is less graduate retention and more increasing the number of graduates working in our geography, therefore having more graduates move to the region is a positive. | Query whether this is more appropriate for CA or LA leadership. Questionable evidence of positive impact. Potentially significant costs. |
| Creation of an independent body to act as a single point of contact for SMEs interested in working with HE institutions. | 7 – Graduate Attraction | A single point of call for SMEs for KTPs, recruitment of graduates and would increase ability of universities to embed industry activity in curricula. | Good work is ongoing by HEI across the geography. Structured change detracts from delivery. |

Appendix E - Logic chain for Proposed Workstreams

| Market Failure | Workstream | Outputs and Impact |
|---|---|--|
| Drop in apprenticeship starts post reforms There has been a significant drop in apprenticeship starts post introduction of the apprenticeship reforms in 2017, with a 34% drop across the GBSLEP geography (compared to a national decrease of 24%) | 1) GBS Apprenticeship Hub 2) Skills Hub 3) Work Academies 5) Joint Provider Planning: Advanced & Higher Apprenticeship Provider Planning | 2000 apprenticeship starts by end of year 2 350 SMEs engaged pa by end of year 2 increasing SME engagement with apprenticeships 2 new work academies by academic year 2020/21 with 500 learners pa. Work academies have a higher % of learners upskilling through apprenticeship routes. Forward planning of apprenticeship provision with training providers to ensure future skills needs are proactively met. |
| Low level of SME skills engagement Engagement by our businesses, especially SMEs, with upskilling their workforce is below the national average. Employer Skills Survey (ESS) data shows that the GBSLEP area is 2% behind the national average in % of businesses putting staff through training and 1.5 days behind the national average of training days per employee. | 2) Skills Hub 7) Reduce Barriers to Adult Participation 3) Work Academies | 350 SMEs engaged p.a. by end of year 2 with 2000 workers starting courses p.a. Enabling workers to access training easier: 1000 new adult learners progressing to Level 3+ p.a. 2 new work academies by academic year 2020/21 with 500 learners pa. As highlighted by the likes of the GBS IoT, work academies and their curricula are driven by private sector employers and engage SMEs. Employer-led short courses directly |

| | | |
|--|---|---|
| | | meet short term employer skills needs. |
| Young residents not meeting industry skills requirements Feedback from industry across our key sectors is consistent in informing us that a consistent skills issue is our young residents not meeting industry skills requirements. According to the Greater Birmingham Chambers of Commerce Quarterly Business Review 63% of businesses who tried to recruit faced difficulty, with 56% reporting the greatest difficulty they faced in recruitment was candidates lacking the right skillset. | 1) GBS Apprenticeship Hub 3) Work Academies 6) Graduate Attraction | 2000 apprenticeship starts by end of year 2. By the very nature of apprenticeships, apprentices develop skills directly relevant to the workplace. We have seen a number of our large companies replace their traditional graduate intake with apprenticeships. 2 new work academies by academic year 2020/21 with 500 learners pa. Work academies are driven by industry Supporting students with work-readiness. Top city for graduate retention outside of London by 2023. Increase of share of students who return to the region to work after graduation to 55% by 2023 with 1000 new graduates working in the region p.a. |
| Fast Digital and Technological Change As we enter the fourth industrial revolution rates of technological change are rapidly increasing. Amongst others, the region is set to play key roles in the development of 5G, autonomous vehicles and new medical technologies. Sector analysis has highlighted predicted shortages in a wide range of digital and tech skills including cybersecurity, big data and artificial intelligence (AI). | 3) Work Academies + Employer Led short courses 8) Experimental Approaches: Pilot and Prime new | 2 new work academies by academic year 2020/21 with 500 learners p.a. with aim to increase to 8 with next release of capital funding. As highlighted by existing work academies, these have a focus on emerging technologies. 10 new employer-led short courses upskilling |

approaches for skills development

1000 workers p.a.

4 new skills projects focusing on future skills needs leading to 1000 starts p.a.

Drop in 19+ Learners

In recent years we have seen a considerable drop in learners aged 19+, with much of this decrease clustering around part-time degrees and apprenticeships. From 2010-2017 there was a 51% decrease in adults studying for part-time degrees.

7) Reduce barriers to adult participation

Enabling workers to access training easier: 1000 new adult learners progressing to Level 3+ p.a.

GREATER BIRMINGHAM AND SOLIHULL LEP BOARD MEETING

6 June 2019

Plan 10,000 Plus

Recommendations

Board Directors are asked to:

1. Comment on and, if felt appropriate, endorse the recommendations of the Employment and Skills Board (ESB) as to the development of a “Plan 10,000 Plus” to increase the cohort of learners commencing NVQ 3+ qualifications in the Greater Birmingham and Solihull (GBS) LEP area.
2. Agree, in principle, approval of £1.93 million of funding from the Strategic Economic Plan (SEP) Enabling Fund to enable delivery of the Plan. This will subsequently need to be noted by the LEP Supervisory Board given the funding levels involved.

Background

3. GBSLEP has a longstanding headline ambition to close the gap between the qualification levels of working-age residents at NVQ Level 3+ (A-levels and vocational equivalents to A-levels and above) to those of the national average. This responds to increasing employer demand for higher skilled staff in order to remain competitive in the face of economic changes, and to help drive economic growth and productivity levels.
4. Both the ESB and main Board have noted that the LEP’s Skills Delivery Plan, although important in addressing the skills gaps in Greater Birmingham will not, alone, meet the Board’s ambition to raise the Level 3+ qualification levels for the city-region to the national average.
5. At the 25 April 2019 Board meeting, the Board endorsed the refreshed Skills Delivery Plan whilst noting the initial work by the ESB and LEP Executive around the Plan 10,000 Plus and encouraging more work to develop an ambitious approach to raise qualification levels.

Key Issues

“Plan 10,000 Plus”

6. To meet the Board’s longstanding headline ambition to close the gap between the qualification levels at NVQ3+ levels to those of the national averages, the ESB

recommends that the LEP focus its activity on increasing the number of starts at NVQ Level 3 (and above).

7. The recently released 2018 ONS data shows that the working age (16-64) population of Greater Birmingham and Solihull is 1,273,900 and of those 675,900 are qualified at Level 3 and above (53.7%). This compares with the national average of 57.8%. To close the gap over the next five years, the GBS area needs an estimated 24,500 more people of working age each year to progress to Level 3 and above.
8. The long term trend shows that, on average, around 17,200 people each year secure qualifications at NVQ Level 3 and above. During the period 2007 to 2018, 207,800 more people were qualified to Level 3+.
9. Whilst demographic predictions for the region up to 2026 are in our favour (with growth of 16-24 population predicted to grow 3% more than nationally), demographic change alone will not enable us to reach our headline skills target.
10. Given this, the ESB recommends that, to meet its headline KPI, GBSLEP should take additional action by developing a work programme, with partners, that aims to add new and additional provision of approximately 10,000 more Level 3+ starts year-on-year. If achieved, this will close the gap with the current national levels.
11. Combined strategic leadership across a range of agencies is necessary to enable the step change required to deliver and close this gap. This requires a significant change from employers, providers and public agencies collaborating to open the opportunities for those who are wanting to progress and up skill to higher levels.
12. Whilst the LEP Executive already works closely with a variety of strategic and educational institutions including the West Midlands Combined Authority (WMCA) Skills & Productivity Team, Black Country LEP, Coventry and Warwickshire LEP, Further Education & Higher Education Institutions as well as Independent Training Providers, a more co-ordinated strategic approach will be required across all of these agencies to meet this target.
13. The Executive have had initial discussions with the WMCA and neighbouring LEPs and they are, in principle, supportive of the proposed approach as it complements their planned activities. Should the Board approve this Plan, these discussions will be formalised and a detailed work programme produced indicating respective responsibilities in delivery of this Plan.
14. From a GBSLEP perspective this will require increased partnership working, leadership in specific areas and increased resources from the LEP to drive forward this agenda.
15. To that end, the ESB and LEP Executive have developed a high-level plan presented to the Board in appendices a-e aimed at achieving that step change.
16. Appendices A and B set out an overview of the Plan at a high level. Appendix C sets out the detail for each proposed workstream including the rationale for intervention, deliverables and workstream risk. Appendix D outlines proposed interventions that have been discounted at this time and Appendix E outlines the market failure and market opportunity logic chain for each workstream.

17. The plan proposes to run through until March 2023 and has eight key areas of focus:
- **Skills Match** – Increasing Apprenticeship starts and strengthening skills pipelines to meet local economic needs
 - **Growth Hub** – Improving skills related support to businesses via the GBSLEP Growth Hub
 - **Work Academies** – Increasing the number of Work Academies and employer-led short courses in the LEP geography
 - **Strategic Leadership** – Strengthening GBSLEP strategic leadership and cross-institution collaboration
 - **Joint Provider Planning** – Future planning of apprenticeship provision with regional training providers
 - **Graduate Attraction** – Increasing the number of graduates resident in the region.
 - **Adult Participation** – Increasing post-24 year old levels of upskilling with focus on those in employment.
 - **Experimental Approaches** – Increasing the number of new skills approaches to meet emerging and predicted skills needs.
18. The work programme is designed to be modular, as appendix b indicates, and each specific workstream has a targeted number of new learners attached to it. Successful delivery of the programme will lead to 7,000 new starters in the cohort that begins in the academic year September 2021 and 9,000 new starters in the academic year that begins in September 2022. Additional capital funding for work academies will enable this to reach 12,000 new starters by September 2022.
19. It is the view of the ESB that, in order to achieve the maximum numbers of new learners, the programme should be delivered as a whole – although aspects of it will be phased due to capacity constraints within the LEP Executive.
20. Some aspects of the plan have already commenced delivery with early successes including the recently successful Office for Students bids in collaboration with our local universities (section 7, Graduate Attraction) and GBS Institute of Technology (Section 4, Work Academies)
21. To successfully deliver this more ambitious approach, there is a proposed call on the SEP Enabling Fund of £1.93 million over the four financial years commencing 2019/20. £400,000 has already been notionally allocated for financial years 2019/20 and 2020/21. This £1.93 million includes an increase in staffing levels within the LEP Executive skills team of 2 FTE to oversee delivery of the workstreams.
22. In addition, to £1.93 million of revenue there is an indicative call of £1million of capital funding through the programme. Should additional funding become available through the capital programme, there is scope to expand this capital ask significantly, which will enable up to 12,000 new learners to start in September 2022.

23. The LEP Executive and ESB have an appetite for more substantial interventions but funding constraints currently limit proposed actions. Some potential projects include:

- a regional adult learning bursary scheme
- Institute of Technology style skills centres for low carbon technologies and cybersecurity
- a technology fund for schools and Further Education colleges to improve staff knowledge of, and student access to, new and emerging technologies.

Next Steps

24. If the Board agrees with the proposal, this programme of work will be further developed by the ESB and LEP Executive over the next few weeks to provide detailed action plans for each of the eight workstreams. The Executive will also commence detailed discussions with project partners on their role in the delivery of the Plan.
25. As part of this, the LEP Executive and ESB will also establish a specific workstream to identify and access further funding to increase delivery impact.

Conclusion

26. GBSLEP Board is asked to note the ambition of the Plan 10,000 Plus and to agree on the scale which the Board would like the LEP Executive to move forward with.
27. This includes a notional additional allocation of £1.93 million over the next four financial years from the SEP Enabling Fund to enable delivery of this Plan. Should the Board agree to this in principle, a more detailed budget breakdown will come to September Board.

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Date Created: 17 May 2019

| Appendices | |
|------------|--|
| a. | Plan 10,000 Plus Skills Masterplan |
| b. | Plan 10,000 Plus Overview Diagram |
| c. | Plan 10,000 Plus |
| d. | Plan 10,000 Plus Additional Interventions (Lower Priority) |
| e. | Logic Chain for Proposed Workstreams |

GREATER BIRMINGHAM & SOLIHULL SUPERVISORY BOARD

11th April 2019

GBSLEP - 2019/20 BUDGET

Recommendation

The Supervisory Board is recommended to:

1. Note the Operational Budget for GBSLEP the 2019/20 financial year;
2. Note the LEP Board's decision to allocate a maximum of £300,139 of funding from the Business Rates Pool (BRP) to support budgeted expenditure (see para 6).

Background

3. The operational income and expenditure budget for 2019/20 at Appendix A was prepared based on the Medium-Term Financial Plan agreed by the LEP Board in July 2018, the budget figures used for 2018/19, the most recent forecast outturn available for 2018/19 and taking account of predicted changes to the LEP's income streams and proposed interventions as detailed in the annual Delivery Plan. Appendix A is a high-level summary of the budget.
4. The Budget was considered and approved by the LEP Board at its meeting on 25th April 2019.

Key Issues

Budget expenditure

5. Budget expenditure for the 12-month period ending 31 March 2020 is set at £5,893,828 (2018/19 Budget £4,698,853; forecast outturn £3,889,513).
6. The increase in budget expenditure of £2,004,315, compared to the 2018/19 forecast outturn is in five key areas:
 - Revenue Projects (£1,378,871 increase) – the increase to £3.0m reflects increased confidence of the team and the organisation that additional projects to support the delivery of the Strategic Economic Plan (SEP) and preparatory work for the implementation of the Local Industrial Strategy, can be developed and delivered; this expenditure will be met through the Business Rates Pool; further detail on the proposed interventions can be found in the annual Delivery Plan Board paper.
 - Staff costs (£450,698 increase) – the increase is as a result of the following:
 - The intention to appoint permanent staff in posts filled by interims last year (Head of Place, Delivery Director and Exec Officer Sectors)

- The intention to fill five roles that were vacant for most if not all of last year (Stakeholder Engagement Manager, Comms Assistant, Head of People, Exec Officer Place, Exec Officer Innovation)
- The proposed creation of a number of new roles to strengthen the Programme Management team to handle increased Enterprise Zone (EZ) and revenue projects (Project Champion, Programme Management Office (PMO) Contracts Officer, Apprentice) and new roles with the move to a new operating model ('Chief Operating Officer', Admin support and Head of Governance).

Most of these roles will start halfway through the budget year. Accordingly, interim/temporary staff costs will reduce year-on-year. These additional staff costs will be funded from this year's and the prior years' PMO costs recharge income and the LGF/GPF interest, with a small amount from Business Rates Pool. The roles are necessary to support the effective delivery of the Growth Programme and to ensure there is sufficient capacity and capability to develop and implement revenue projects to support the SEP. Further work will be undertaken as part of the refresh of the Medium Term Financial Plan to look at the ongoing sustainability of the structure.

- External resources, Consultants (£183,368 increase) – additional short-term, temporary consultancy resource is required this year over-and-above last year, such as on the Paradise Project, on funding application development, to provide prior years' accounts advice and audits and to develop finance operations.
 - Corporate contingency costs (£100,000 increase) – no contingency spend was required last year, but £100k has been included in the budget in case of further work required as a result of the implementation of the LEP Review recommendations, specifically those relating to geography.
 - Partially offset by reduction in Future Operating Model costs (£7,590 decrease) – the revised date for the implementation of the new operating model means several costs have been deferred into 2019/20 including the new IT and systems (£50,000), legal and consultant costs (£80,000), with a provision for irrecoverable VAT (awaiting advice), although the total budget is slightly less than last year.
6. In order to fund this proposed expenditure, a maximum of £300,139 of Business Rates Pool funding is required. This includes the £100,000 of contingency funding which it is hoped will not be used and £144,960 for the FOM which, as previously reported, will need to be funded locally if the GBSLEP receives no Capacity Funding from Government due to the retention of overlaps. The remaining funding requested is to contribute towards some of the costs of new roles as the LEP moves to a new operating model and as identified above.

Budget income

7. Budget income for the 12-month period ending 31 March 2020 is set at £6,674,150 (2018/19 Budget £5,859,500; forecast outturn £5,324,738).

8. The increase in budget income of £1,349,412 compared to the 2018/19 forecast outturn is in four key areas:
- Business Rates Pool income (£1,411,712 increase) – the Pool is forecast by the local authority Finance Directors to be considerably larger for 2018/19 which is due to be paid in January 2020. Final figures will not be known until the audit has been completed, likely October 2019.
 - Local Growth Fund (LGF) and Growing Places Fund (GPF) interest (£201,000 increase) – the LEP has not received the full interest earned on these capital funds before; in prior years BCC added the interest to the capital balance; given recent advice has confirmed that Corporation Tax is payable on this interest received, it is reasonable that the net interest should be included as operational revenue income; this treatment has yet to be agreed with Birmingham City Council (BCC)
 - EZ PMO costs recharge income (£50,000 increase) - the LEP has not received income from EZ towards its PMO costs before but the intention is that the agreed approach used for recovering PMO costs from the LGF should also be applied to the EZ PMO costs; this treatment has yet to be agreed with BCC
 - Partially offset by LGF PMO costs recharge income (£301,950 reduction) – the LEP's charges to the LGF for the costs of the PMO will be for just one year, 2019/20, whereas the charge made last year was for 2018/19 and for prior years.

Conclusions

9. At the end of the budget year, the Executive is forecasting a year-end surplus of £780,322.
10. Added to the forecast carry-forward position at the end of 2018/19 (£4,789,144), GBSLEP should end the 2019/20 year with a balance of £5,569,466.
11. With the ending of the BRP, and uncertainties over other future income streams, this balance should enable GBSLEP to continue delivering its agenda over the subsequent two years. Further work will be undertaken on this as part of the refresh of the Medium Term Financial Plan.
12. The Supervisory Board is asked to note the budget and the allocation of a maximum of £300,139 of funding from the BRP to support budgeted expenditure.

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Date Created: 15 April 2019

| Appendices | |
|------------|--------------------|
| a. | Operational Budget |