

## GREATER BIRMINGHAM & SOLIHULL SUPERVISORY BOARD

August Decisions to be taken by written procedure instead of meeting

### AGENDA

1.	<b>Growth Programme Investment Decisions</b> <ul style="list-style-type: none"><li>a. Precision Health Technology Accelerator</li><li>b. Curzon Station Enhanced Public Realm</li><li>c. Future Resilience Programme – Midlands Arts Centre</li></ul>	<b>Attached</b>
2.	<b>Local Industrial Strategy</b>	<b>Attached</b>
3.	<b>Medium Term Financial Plan</b>	<b>Attached</b>
4.	<b>Notes of the last meeting on 20<sup>th</sup> June and matters arising</b>	<b>Attached</b>
	<b>Day and Time of Meetings</b> <ul style="list-style-type: none"><li>• 10<sup>th</sup> October, 14:00</li></ul>	

## **Report to the Greater Birmingham and Solihull Supervisory Board**

**8<sup>th</sup> August 2019**

### **Investment Decisions**

#### **1. Purpose of the Report**

To notify Supervisory Board of GBSLEP 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:

- Precision Health Technology Accelerator – University of Birmingham – Outline Business Case approved by GBSLEP Board on 18 July 2019 for Programme level entry and conditional allocation of £10,000,000 (Ten Million Pounds) Local Growth Fund (LGF). Development funding of £1,941,000 (one million nine hundred forty-one thousand pounds) from the LGF allocation, repayable should full approval not be given, or the project not go ahead
- Curzon Station Enhanced Public Realm – Birmingham City Council – Outline Business Case approved by GBSLEP Board on 18 July 2019 for conditional allocation of £26,172,419 (twenty six million one hundred seventy two thousand four hundred nineteen pounds) of Enterprise Zone (EZ) funding.
- Future Resilience Programme – Midlands Arts Centre – Outline Business Case approved by GBSLEP Director on 27 June 2019 for conditional allocation of £350,000 (three hundred and fifty thousand pounds) of Local Growth Fund (LGF), including £35,000 (thirty-five thousand pounds) Development Funding to support the development of the Full Business Case for the project.

#### **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 PHTA was included in the recent pipeline prioritisation process and scored 21 making it a Priority project in the LGF Programme pipeline.
- 3.3 MAC's score of 18 place in the middle of the pipeline ranking.
- 3.4 Individual project reports are attached as appendices.

#### **4. Financial Implications**

- 4.1. There is sufficient funding allocated currently in the LGF programme for the PHTA and MAC projects, but the norm has been to over-allocate on the programme.
- 4.2. There is currently sufficient funding within the EZ funding model for the Curzon Station Enhanced Public Realm project.

## 5. Legal Implications

5.1. All three projects are conditional on submission of a Full Business Case prior to final investment decision.

5.2. A Grant Agreement will be entered to cover the Development Funding for PHTA and the MAC projects

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Project Champions

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<b>Appendices</b>	
a.	Investment Report Precision Heath Technology Accelerator
b.	Investment Report Curzon Public Realm Final 20190619
c.	Investment Report Midlands Arts Centre Future Resilience Programme

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

**8 August 2019**

### **West Midlands Local Industrial Strategy**

#### **Recommendations**

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

1. Approve, in line with the West Midlands Combined Authority (WMCA) Strategic Economic Development (SED) Board recommendations, that GBSLEP Executive will work across the West Midlands, as a whole, to lead work with five specific sectors and to take forward the next stage of work on two of the four major new market opportunities.
2. Approve, in line with WMCA SED Board recommendations, that GBSLEP contribute to an integrated pipeline of strategic Local Industrial Strategy programmes and projects to be produced across the 3 LEPs and the WMCA.
3. Approve additional funding of £140,000 from the Strategic Economic Plan (SEP) Enabling Fund to support work from the Executive in leading the work highlighted in paragraphs 10 - 12 across the West Midlands geography. This will enable the LEP to recruit two dedicated staff for one year to support implementation of the Local Industrial Strategy.

#### **Background**

5. The West Midlands is the first place in the UK to develop a local industrial strategy as one of three trailblazer areas.
6. Development of the Strategy was led by the WMCA, the three Local Enterprise Partnerships (LEPs) in the West Midlands, the West Midlands Growth Company and the Department for Business, Energy and Industrial Strategy (BEIS).
7. The overall aim of the West Midlands Local Industrial Strategy is to deliver economic growth and drive productivity in a way which fundamentally improves opportunities for all communities, businesses and residents, responding to productivity challenges and that growth and the benefits of growth are uneven within the West Midlands.
8. Development of the Strategy is being overseen by the SED Board of the WMCA, on which the Chair of GBSLEP sits.
9. The West Midlands Local Industrial Strategy was published on 16 May 2019 and work has commenced on implementation of the Strategy.

## Key Issues

10. The West Midlands Local Industrial Strategy highlighted four major new market opportunities, five foundations of productivity and 12 key sectors to the West Midlands economy.
11. WMCA SED Board has recommended that each LEP should support the next phase of work on a major market opportunity on behalf of the region. It is proposed that GBSLEP lead on the development of major market opportunities for **data-driven health and life sciences** and **modern services**. This is in-line with the development activity of the Local Industrial Strategy and the strengths of the Greater Birmingham and Solihull economy.
12. Initial progress on implementation by major new market opportunity is highlighted below:

### **Data driven life sciences (led by GBSLEP)**

- New Cluster development programme being developed by the LEP to include commercialisation and scale up support.
- Large scale funding for the Life Sciences Park being developed, of which the Precision Health Technologies Accelerator is a significant part.
- First meeting of commission / leadership group with Government being fixed for September

### **Future of Mobility (led by Coventry and Warwickshire LEP with Transport for West Midlands)**

- New business leadership group being created
- Next stage of future mobility zone funding proposition being developed.

### **Creative Content, Techniques and Technologies (led by Black Country LEP)**

- Creative scale-up pilot up and running
- Launched screen industry body

### **Modern Services (led by GBSLEP)**

- Work commenced to establish business leadership group building on published sector action plan.

13. In addition, GBSLEP has led on the development of sector action plans for the following five sectors:

- Business, Professional and Financial Services
- Creative Industries
- Food and Drink Manufacturing and Processing
- Life Sciences
- Low Carbon Technologies and Services

14. Work is ongoing on further development of these plans and, where possible, implementation of the actions identified.

15. For the cross-cutting foundations of productivity, WMCA SED Board recommends that, where they exist, WMCA portfolio leads should continue to lead on the relevant foundation. For example, for housing and land, there is a both a clear delivery plan and strategic commissioning framework in place, but work to identify necessary commercial land is at an earlier stage of development. This work will be the responsibility of the portfolio lead.
16. Where WMCA portfolio leads do not exist, for example for “ideas” and “business environment”, work will take place over the summer to identify who is best positioned to take a lead role on implementing these plans.
17. In addition, the WMCA SED Board recommends that all three LEPs and the WMCA produce an integrated pipeline of strategic Local Industrial Strategy programmes and projects for future funding, be this through opportunistic bidding for specific funding or large scale, strategic funding, through, for example, the UK Shared Prosperity Fund.
18. As part of this activity, there is a need to assess the impact of proposed and current interventions, which will assist prioritisation of programmes and projects. We are in discussions with City-REDI on the capability that they are developing in this respect and further updates will be provided to the Board at a future meeting.

### **Resources and Future Funding**

19. Future funding for implementation of new and existing priorities emerging through the Local Industrial Strategy are likely to be part of Spending Review discussions and potential priorities for the UK Shared Prosperity Fund.
20. Given the uncertainty around positioning for future regional growth funding and the work of other parts of the country in preparing for implementation of Local Industrial Strategy, should the Board agree, there is a need for ongoing work to support implementation of the Strategy, including preparations for future funding.
21. It is the view of the LEP Director that, while the existing resource of the LEP Executive was sufficient to contribute fully to the development of the Local Industrial Strategy, it is insufficient, alone, to take a lead role in implementation of the Strategy.
22. On that basis, the LEP Board approved, in the first instance, the temporary recruitment of two additional staff for one year to support the implementation of the Local Industrial Strategy. Each post will be budgeted at £70,000 including on-costs. As the workload could be substantially more than currently anticipated, the Executive will continue to assess the capacity of the Executive and come back to the Board should additional resource be required.
23. In the interim, the Executive will explore working with our partners, such as universities, as to whether they would be able to second staff into the LEP on a temporary basis to support implementation of the Local Industrial Strategy.

## Conclusion

24. The Supervisory Board is asked to note that the LEP Board approved that the LEP Executive work across the West Midlands in development and delivery of two major new market opportunities and five sector action plans along with the integration of the LEP pipeline of projects and programmes into a wider West Midlands pipeline.
25. In addition, to note that the Board approved the temporary recruitment of two additional staff into the Executive to support implementation of the Local Industrial Strategy for one year in the first instance. Subject to Board approval, these posts will be funded by the SEP Enabling Fund.

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Date Created: 1 August 2019

# GREATER BIRMINGHAM AND SOLIHULL SUPERVISORY BOARD

8<sup>th</sup> August 2019

## MEDIUM TERM FINANCIAL PLAN 2019/20 to 2020/21

### Purpose of the Report

1. To outline the basis for the Medium-Term Financial Plan 2019/20 to 2020/21 and ask the Supervisory Board to formally note the Plan.

### Recommendation

The Supervisory Board is recommended to:

1. Note the Medium-Term Financial Plan 2019/20 to 2020/21.

### Background

2. The Medium-Term Financial Plan (MTFP) 2019/20 to 2020/21 at Appendix A has been prepared based on the operational income and expenditure budget for 2019/20 agreed by the GBSLEP Board in April 2019 and on the MTFP agreed by the GBSLEP Board in September 2018.
3. The forecast figures for 2019/20 incorporate new investment income identified since the Budget was prepared.
4. The forecast figures used for 2020/21 take into account predicted changes to the LEP's income streams and proposed interventions to support the delivery of the Strategic Economic Plan (SEP), including those detailed in the annual Delivery Plan.
5. Given the level of uncertainty about future funding streams, for example, the UK Shared Prosperity Fund, the draft MTFP only covers the two years up to 2020/21. The Plan will be updated when there is greater clarity about future income as this will dictate spending levels.
6. The MTFP was agreed by the GBSLEP Board when it met on 18 July 2019.

### Key Issues

#### Revenue Income

7. The MTFP shows that the level of confirmed income received by GBSLEP in 2020/21 will reduce significantly from £8.5m to £2.2m. This is primarily due to the Business Rates Pool (BRP) ceasing in March 2019. The final allocation of funding from the Pool is set to be received by the LEP in January 2020, although there is currently a separate conversation about the £2m contingency funding held by the Pool. The BRP is used to fund the SEP Enabling Fund which supports revenue interventions that drive economic growth across the LEP area.



8. The GBSLEP's Local Growth Fund (LGF) programme will come to an end in March 2021. This currently funds a significant part of GBSLEP's capital programme. The Programme Management Charge is also drawn from it and is used to support the team and the systems required to deliver the programme.
9. Whilst it is known that Government intends to launch the UK Shared Prosperity Fund (UKSPF) as a successor to the LGF and European Structural and Investment Funds (ESIF), no details have yet been made available. A consultation document was due to be published in December 2018 but has yet to be issued. Any announcement on the quantum of funding available in the UKSPF would be linked to the Spending Review. Given this, the MTFP does not go beyond 2020/21, but it will be updated once details of the Fund (or alternative sources of income) are made available.
10. The MTFP includes interest received on the various funds that the LEP holds:
  - a. Investment interest received on the LGF and Growing Places Fund (GPF) capital grant since inception will be received in financial year 2019/20. The value of this is currently thought to be £1.3m, which includes c£1.0m from prior years. Discussions are ongoing regarding the actual rate of return transferred to the LEP based on the capital amounts held by Birmingham City Council (BCC). The outcome of discussions may increase the actual value of investment interest received. Interest from the GPF should be generated in future years but at a much smaller value than that received on the LGF allocations.
  - b. Interest on GPF Mezzanine Fund loans has been included in the forecast outturn for 2019/20. After discussions with BCC and Finance Birmingham the historical interest on loans from the Mezzanine Fund is £0.5m. Finance Birmingham has identified £2.7m in outstanding loans using the LEP's earmarked reserve as at 31<sup>st</sup> March 19. The forecast expected rate of return is 15%. A breakdown of expected returns in future years has been received from Finance Birmingham. The expected loan interest for 2019/20 is £0.2m and for financial year 2020/21 is £0.1m.
11. The MTFP also refers to programme management charges for the Enterprise Zone and GPF. Resources received from these funds in future years should fund the costs required to programme manage both funds, so the income set out in the MTFP may increase.
12. It is important to note that no income or expenditure to support the Growth Hub Phase 2 has been included in the MTFP as the business case has not been formally approved by the Ministry for Housing, Communities and Local Government. The forecasts for future years will need to be updated if the funding request is successful.

### **Revenue Expenditure**

13. Total expenditure costs are to decrease from 2019/20 to 2020/21 in line with the reduction in expected income. The level of funding spent on interventions to drive economic growth decreases significantly from £3.0m this year to £1.3m next year.

The level of activity is scalable though, depending on the resources available, so if BRP contingency funding is allocated to GBSLEP, or other funds can be accessed, then the amount spent on interventions can increase once more.

14. Staffing costs increase over the period as current interim roles are made permanent and inflation is taken into account. The amount of funding for consultants reduces as a consequence.
15. The level of resource for communications and marketing increases marginally over the period whilst subscriptions and overheads reduce by a small amount.
16. GBSLEP will also be liable for corporation tax on interest generated on funds held in our bank accounts. Around £0.1m is due on prior years' taxable interest, and around £50k will be due on each future year's taxable interest.

### Income and Expenditure

17. It is clear from the MTFP that in 2020/21, GBSLEP's expenditure will be significantly greater than its current known income. However, given the good levels of reserves that the LEP has (£5.5m at 31 March 2019), and the receipt of prior years' interest on GPF and Mezzanine Fund in 2019/20 (c£1.5m), it is now possible to manage this without any further requirement from the BRP. The use of BRP to date has focused on revenue interventions to support economic growth, with only a small proportion used to support staffing costs.
18. As referred to above, it is hoped that new funding (ideally both capital and revenue) will be made available from Government from April 2021. This would be used to support the delivery of the SEP and the West Midlands Local Industrial Strategy. It would also support the required capacity and capability in the LEP Executive in future years. Once the quantum of this is known, a revised MTFP will be brought to the LEP Board to consider.

### Conclusions

19. The MTFP sets out proposed revenue budgets for the LEP until 2020/21 based on the information currently available.
20. The Supervisory Board should note that it is no longer expected that there will be any further calls on Business Rate Pool income to support LEP operations in 2019/20 or in 2020/21, as significant additional interest receivable for prior years has been identified on GPF, RIF and Mezz Fund balances and loans, much of which is non-taxable.
21. The Supervisory Board should also note that the assumptions within the MTFP will change if new capital and revenue funding becomes available. The GBSLEP Board will need to consider a revised MTFP when the details are known.

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Date Created: 1<sup>st</sup> August 2019

<b>Appendices</b>	
a.	Medium Term Financial Plan – 2019/20

# Greater Birmingham & Solihull Supervisory Board

20<sup>th</sup> June 2019 at 14:00 hrs

Ellen Pinsent Room, Council House, Victoria Square, Birmingham

## PRESENT

Cllr Brigid Jones – Birmingham CC  
 Cllr Bob Sleight – Solihull MBC  
 Cllr Karen May – Bromsgrove & Redditch  
 Cllr Matt Dormer – Redditch BC  
 Cllr George Adamson – Cannock Chase DC  
 Cllr Jeremy Oates – Tamworth BC

## APOLOGIES

Cllr Doug Pullen – Lichfield DC  
 Cllr Ian Ward – Birmingham CC  
 Cllr Ian Courts – Solihull MBC  
 Cllr George Allen – East Staffordshire BC  
 Clive Heaphy – Company Secretary

## IN ATTENDANCE

Katie Trout – GBSLEP  
 Russell Eacott – GBSLEP  
 Peter Jenion – GBSLEP (notes)

<b>1.</b>	<b>Welcome and apologies for absence</b>
	LEP Director, Katie Trout, welcomed all present and noted apologies for the following: Cllr Doug Pullen, Lichfield DC, Cllr Ian Ward, Birmingham CC, Cllr Ian Courts, Solihull MBC, Cllr George Allen, East Staffordshire BC
<b>2.</b>	<b>Declaration of Conflicts of Interest</b>
	No declarations of conflicts of interest were received
<b>3.</b>	<b>Notes of the last meeting on 11<sup>th</sup> April 2019 and matters arising</b>

<b>110</b>	<b>RESOLVED:</b>
i	The minutes of the meeting on 11 <sup>th</sup> April 2019 were approved as an accurate record.
<b>4.</b>	<b>Election of Supervisory Board Chair</b>
	Katie Trout presented this item
<b>111</b>	<b>RESOLVED:</b>
i	The Supervisory Board elected Cllr Matthew Dormer as Chair of the Supervisory Board.
<b>5.</b>	<b>Election of the Supervisory Board Deputy Chair</b>
	Katie Trout presented this item
<b>112</b>	<b>RESOLVED:</b>
i	The Supervisory Board elected Cllr Ian Courts as Deputy Chair of the Supervisory Board.
<b>6.</b>	<b>Appointment of the Supervisory Board Secretary</b>
	Katie Trout presented this item.
<b>113</b>	<b>RESOLVED:</b>
i	The Supervisory Board reappointed Clive Heaphy, Chief Finance Officer at Birmingham City Council as Secretary.
<b>7.</b>	<b>Membership and substitute members for 2019/2020</b>
	Katie Trout presented this item
<b>114</b>	<b>RESOLVED:</b>
i	The Supervisory Board noted the updated membership of the Supervisory Board following the new appointments made by the nine Local Authority members' respective Authorities for the municipal year 2019/20.
<b>8.</b>	<b>Future Operating Model</b>
	Katie Trout presented this item
<b>115</b>	<b>RESOLVED:</b>
i	The Supervisory Board noted the approval of the GBSLEP Board on 27 <sup>th</sup> 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.
<b>9.</b>	<b>Notification of any declarations of interest</b>

	Katie Trout presented this item
<b>116</b>	<b>RESOLVED:</b>
	<ul style="list-style-type: none"> <li>i Cllr Brigid Jones, as the representative of Birmingham City Council, declared a conflict of interest in item 11. Enterprise Zone Investment Plan.</li> <li>ii Cllr Karen May, as the representative of Bromsgrove District Council, declared a conflict of interest in the A38 Bromsgrove Growth Programme investment decision.</li> <li>iii Cllr Matthew Dormer, as the representative of Redditch Borough Council, declared a conflict of interest in the investment decision for Redditch Eastern Gateway.</li> </ul>
<b>10.</b>	<b>Ratification of decisions taken by written procedure</b>
	Katie Trout presented this item
<b>117</b>	<b>RESOLVED:</b>
	<ul style="list-style-type: none"> <li>i The Supervisory Board ratified the following decision taken by written procedure:</li> <li>ii The approval of £1,840,000 LGF capital grant to Redditch Borough Council for the delivery of the Redditch Gateway project.</li> </ul>
<b>11.</b>	<b>Growth Programme Investment Decisions</b>
	Russell Eacott presented this item
<b>118</b>	<b>RESOLVED:</b>
	<ul style="list-style-type: none"> <li>i The Supervisory Board noted the approval of the following investment decisions: <ul style="list-style-type: none"> <li>• 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)</li> <li>• 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</li> <li>• 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</li> <li>• 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</li> <li>• 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.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>12.</b>	<b>Growth Programme Pipeline Prioritisation</b>
	Russell Eacott presented this item
<b>119</b>	<b>RESOLVED:</b>
<b>i</b>	<p>The Supervisory Board noted the LEP Board's approval of the following:</p> <ul style="list-style-type: none"> <li>To endorse the Pipeline Prioritisation Results as of the 20 May 2019</li> <li>To 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.</li> </ul>
<b>13.</b>	<b>Enterprise Zone Investment Plan</b>
	Russell Eacott presented this item
<b>120</b>	<b>RESOLVED:</b>
<b>i</b>	The Supervisory Board noted the LEP Board's approval of the Enterprise Zone Investment Plan 2019
<b>14.</b>	<b>Plan 10,000 Plus</b>
	Katie Trout presented this item
<b>121</b>	<b>RESOLVED:</b>
<b>i</b>	<p>The Supervisory Board noted the approval of LEP Board to:</p> <ol style="list-style-type: none"> <li>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.</li> <li>Agree in principle approval of £1.93 million of funding from the Strategic Economic Plan (SEP) Enabling Fund to enable delivery of the Plan.</li> </ol>
<b>15.</b>	<b>GBSLEP Operational Budget 2019/2020</b>
	Katie Trout presented this item
<b>122</b>	<b>RESOLVED:</b>
<b>i</b>	<p>The Supervisory Board noted:</p> <ol style="list-style-type: none"> <li>the Operational Budget for GBSLEP the 2019/20 financial year;</li> <li>the LEP Board's decision to allocate a maximum of £300,139 of funding from the Business Rates Pool (BRP) to support budgeted expenditure.</li> </ol>

	<b>Any other Business</b>
	<p>The Supervisory Board recorded its thanks to all the outgoing Leaders and Cabinet Members for their significant contribution to the GBSLEP, namely:</p> <ul style="list-style-type: none"> <li>• Cllr Mike Wilcox, Lichfield DC</li> <li>• Cllr Richard Grosvenor and Cllr Patricia Ackroyd, East Staffordshire BC</li> <li>• Cllr Marcus Hart and Cllr Chris Rogers, Wyre Forest DC</li> <li>• Cllr Geoff Denaro, Bromsgrove DC</li> </ul>
	<b>The meeting concluded at 15:00</b>

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CHAIRMAN