

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

**2<sup>nd</sup> April 2015**

### **GROWTH DEAL UPDATE**

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

- 1.1. To update on the progress of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) Growth Deal

#### **2. Recommendations**

That Members are asked to:

- 2.1. Note the outcome of the Growth Deal expansion;
- 2.2. Note progress in delivering the Growth Deal and the three Local Growth Fund projects signed off to date.
- 2.3. Note the progress on the development of Growth Hub and the recent launch of the Access to Finance portal.

#### **3. Background and Key Issues**

- 3.1. The Expansion of the Greater Birmingham and Solihull Growth Deal (formally described as Growth Deal 2) was announced on 29 January 2015. The expansion sees an extra £21.4m invested in the area between 2016 and 2021. In total, the Growth Deals secured by Greater Birmingham and Solihull now total £378.8m. The additional Growth Fund awarded is for spend in later years of the programme but does now provide some opportunities to bring forward project expenditure if required.
- 3.2. Since the last Board meeting, work has been continued to deliver the Growth Deal programme. This has been supported by the arrival of Michael Carr as Programme Delivery Director and the agreement that the delivery will be managed by Lesley Edwards, who will oversee the work of the Joint Delivery team. Two further staff will be employed to support Lesley on one year contracts initially.
- 3.3. An assessment of the risk associated with delivering the planned expenditure of £47.3m for 2015/16 is underway. Presently an underspend is projected which needs to be addressed to avoid reputational damage. The Growth Team and wider LEP Board have endorsed the process being employed to reduce this underspend, with the intention to expend the full amount due in 2015/16 if possible. A full update on the risk associated with expenditure will be provided at the next LEP Board meeting.

- 3.4. The first three Growth Deal projects have been signed off for delivery. These are the Midland Metro Extension to Centenary Square, the Aviation Skills Centre and Solihull College and Lode Lane Route Enhancement Scheme in Solihull. The business case for the Midland Metro Extension to Centenary Square has already been shared with the Supervisory Board. Summaries of the other two project business cases are attached in Appendix 1.
- 3.5. The provision of a Growth Hub to provide support to businesses is part of the overall Growth Deal. BIS have provided £625k for 2015/16 to support its development, which is being matched with £200k of business rate pool funding. Invitations to tender for the Knowledge Bank and CRM systems were advertised in February 2015 and are now subject to the selection and contracting processes. These systems will form the basis of the Growth Hub.
- 3.6. The remaining items for the Growth Hub have been agreed in principle and the securing of these items will begin shortly. These will include: the provision of a Growth Hub manager; promotional marketing of the Hub and its services; a desk based and mobile adviser team to engage with and respond to businesses targeted by the Hub; and financial support to two dedicated programmes aimed at supporting medium sized business and growth entrepreneurs. The launch date proposed for the GBS Growth Hub is in June 2015.
- 3.7. The LEP, working in partnership with Birmingham Professional Services (BPS), launched its new access to finance portal on the 6 March 2015. The portal, which can be found at [www.accesstofinancegreaterbirmingham.co.uk](http://www.accesstofinancegreaterbirmingham.co.uk) or via the LEP website, aims to help SMEs to find the right pathway to potential funding. The portal will be integrated into the LEP Knowledge Bank once procured.
- 3.8. The intention, in time, is to evolve the Growth Hub such that it embraces and helps coordinate the delivery of all business support programmes available within the LEP area. A more detailed report on the activities to be delivered through the Growth Hub will also be provided to the next LEP Board meeting.

#### **4. Financial and Legal Implications**

- 4.1. The Local Growth Fund projects rely on match funding from delivery partners. Confirmation of the availability and security of the proposed match funding is being checked as part of the due diligence undertaken on the Business Cases presented by the partner.
- 4.2. The Local Growth Funding is provided by Government as a Section 31 grant. The provision of the funding for the approved projects is secure, subject to managing the projects in line with the agreed Accountability Framework.
- 4.3. Birmingham City Council (BCC) oversees the approach being taken to project expenditure and wider financial management as part of its role as accountable body to the GBSLEP.

4.4. BCC will also issue all legal contracts linked to the Growth Deal, again as part of its accountable body status.

## **5. Conclusion**

5.1. This report provides an update on the positive progress of the Growth Deal to date. The Board are asked to note its contents.

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## Appendix 1

### Business Case Summary - Solihull College Aerospace/Aviation Centre

#### Description

Solihull College will develop an Aerospace & Aviation Centre based in North Solihull close to Birmingham Airport and close to other Aerospace and Aviation companies within the Birmingham and Solihull area. This facility will provide the required skills sought by the Aerospace industry relating to Aircraft maintenance and repair to companies working within this industry across the GBSLEP region and additional regions. The Centre will be supported by our partner universities to enable learners to progress their studies up to level 6.

An aircraft, associated tooling and equipment will be purchased to ensure students have access to realistic maintenance training.

#### Objectives and Outputs

The requirements for skilled employees will grow as the demand dictates growth to support the expansion of Birmingham Airport and new developments at East Midlands and airports further afield.

Current training facilities are located over 150 miles away so recruiting skilled employees is a challenge as in most cases local people don't get the opportunity to train for these jobs.

On an annual basis the following impact measures will be achieved:-

- Safeguards 35 SME jobs.
- Creates 25 SME jobs.
- Supports additional 100 people participating in education, training & apprenticeships.
- Will have an impact on reducing local NEETS but is difficult to express this as a percentage as other factors need to be considered.
- Supports an additional 45 apprentices

#### Funding

Expenditure	Funding			Profile
	Total	College	LGF	15/16
Refurbishment	£975,000	£653,250	£321,750	£321,750
Equipment	£1,025,000	£512,500	£512,500	£512,500
<b>Total</b>	<b>£2,000,000</b>	<b>£1,165,750</b>	<b>£834,250</b>	<b>£834,250</b>

#### Approval

Approval provided by the GBS LEP programme Delivery Director under delegated powers for projects under £2.5m

## Business Case Summary - Lode Lane Route Enhancement Scheme

### Description

The scheme includes a package of route improvements along the B425 Lode Lane corridor between Hobs Moat Road and Solihull Town Centre. The project will help unlock economic growth and aspiration, with planned major housing and employment growth as part of the ambitious UK Central development, whilst contributing to the HS2 Local Connectivity Package.

The project is designed to address the following strategic enablers from the GBS LEP Strategy for Growth:

1. Improving physical and digital connectivity
2. Optimising physical, cultural and environmental assets

### Objectives and Outputs

This application identifies the following objectives, which address two key GBS LEP strategic enablers, for the evaluation of the Lode Lane package of transport infrastructure enhancement measures:

- 1 Contribute to a high quality public transport system in Solihull Town Centre
- 2 Ensuring a reliable and safe bus service
- 3 Support the future and further growth of Solihull Town Centre
- 4 Complement the emergent connectivity package at the Hub (including HS2) and Solihull Town Centre as part of the UK Central Master Plan
- 5 Provide quality bus access and interchange into the Town Centre
- 6 Improve air quality

The BCR of the package has been estimated at 5.16. This figure comprises of a present value of benefits (PVB) of £24,056,000 and a present value of costs (PVC) of £4,663,575 (2010 prices). This figure includes the whole life cost of the project, taking into account maintenance over a 30-year appraisal period.

### Funding

Expenditure	Total	Funding Requirement			LGF	Profile 15/16
		Local Authority	Third party			
Capital	£4,665,000	£625,000	£2,250,000	£1,790,000	£1,790,000	

### Approval

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