

Report to the Greater Birmingham and Solihull Supervisory Board

2 April 2015

Developing a GBSLEP Economic Intelligence Proposal

1. Purpose of the Report

- 1.1. To outline and seek endorsement of the decision of the Board to agree a programme of work that will increase the range and depth of economic intelligence and analysis available to the LEP to maximise the impact of investment in the area.

2. Recommendations

That Members are asked to:

- 2.1 note the decision of the LEP Board to develop a detailed economic analysis for the GBS LEP functional economic geography;
- 2.2 endorse the decision of the LEP Board to agree a first stage oversight work stream to provide the insight necessary to inform the detailed work and agree to an allowance of up to £100,000;
- 2.3 note the decision of the LEP Board to delegate authority to the Chair to progress this work in-between Board meetings.

3 Background

- 3.1 Building on the strong foundations of the Strategy for Growth and Strategic Economic Plan, it was agreed at the 16 January Board meeting that work is needed to develop a pipeline of projects, offers and asks of Government for any future “Deals”. The Board recognised that there is a need for more research and intelligence to provide the economic rationale for further investment and it was agreed that Nick Page, Chief Executive at Solihull MBC, would prepare a draft brief for this economic research.
- 3.2 Our interactions with Government have evolved through the City Deal bids and most recently with our successful SEP. Our LEP will be in competition with the other metro LEPs for future funding and we will need to develop our existing economic oversight to provide the highest quality evidence base to support the economic impact of our future bids and proposals. We are aware that the other metro LEPs have devoted significant resource to preparing detailed economic analysis for their LEP areas.
- 3.3 This report presents the outcome of an initial scoping exercise and subsequent discussion between a number of LEP partners, which has identified four separate workstreams that would build the capability and capacity of the LEP’s economic intelligence. These workstreams and the resources initially required to take this forward were considered and approved by the LEP Board at its meeting on 20 March 2015.

4 Key Issues

- 4.1 The overall aim identified through the initial scoping work is:

To commission intelligence to maximise the impact of investment in GBS LEP

- 4.2 This aim can be broken down into three specific objectives:

- 4.2.1 To ensure a rich body of economic intelligence and analysis is in place to underpin the LEP's strategic direction;
 - 4.2.2 To identify the scope for developing an investment business case and analysis for the GBS LEP area – helping develop our investment 'pipeline';
 - 4.2.3 To identify how we maximise the existing economic intelligence capacity available to the LEP, and consider an option to build a dedicated Economic Intelligence function that would operate on behalf of the LEP and partners.
- 4.3 Four workstreams have been identified that could deliver this step change in economic intelligence/research capability in GBS LEP. These are set out below in order of increasingly complexity:
- A. Clarify and coordinate the 'static'/snap-shot data/research already held by partners to ensure greater co-ordination and coherence;
 - B. Produce a narrative that clearly sets out the economic history of the GBS LEP area. This should illustrate and explain the expansion and contraction of key sectors across GBS LEP over time to tell the story of what has driven our economic performance. It should capture recent/current investment and upturn in many economic indicators. It should also include a robust assessment of the factors explaining the GBS productivity gap between the 'as is' situation and our latent potential;
 - C. Clarify through a structured programme of deep-dive investigations/targeted research what interventions are required and/or demonstrate best return in GBS LEP – i.e., identify 'what works' around here and clarify our investment logic. This should specifically address productivity improvements to help close the productivity gap. A key area for investigation is how GBS LEP can raise future funding through existing and new investable propositions;
 - D. Linked to (C) above, develop the LEP's predictive capacity through some form of economic/'forecasting' modelling to help identify the net additionality of LEP strategic interventions/project proposals on a range of outputs, including improvements to regional productivity. Our approach should be capable of prioritising interventions based on the biggest impact and estimate the ripple effect on sectors and places as the intervention works its way through the economic system. It should also ideally capture 'up front' additionality and how this can open the door to global flows of capital for investment in GBS LEP.
- 4.4 Following discussions between partners, it is suggested that workstreams A and B could be progressed relatively quickly. **Workstream A** is the systematic collation and coordination of the main economic research and intelligence currently available and forthcoming within the LEP area. This workstream will increase the visibility, accessibility and use of existing economic intelligence. **Workstream B** involves the identification and analysis of a range of datasets that describe economic trends in the LEP area over time; the analysis will identify key economic drivers and help quantify the gap between performance and potential.
- 4.5 **Workstream C** is a critical area of work that aims to uncover key causal relationships that explain 'how the economy works around here'. Whilst some of this analysis can draw on the 'What Works Centre for Local Economic Growth', the depth of focus required calls for a specific programme of detailed investigation and analysis. This could be identified from a review of the gaps identified in Workstream A and the drivers/trends described in Workstream B, in addition to issues identified by partners. Workstream C provides the guiding logic for commissioning different types of intervention in GBS LEP; it will make our asks and offers 'more intelligent'.

- 4.6 **Workstream D** is the most complex and ambitious of the four workstreams. D draws on all three other workstreams to create a robust model that helps identify the predicted impact of different strategic interventions. This moves the economic intelligence forward by taking the key drivers and guiding logic and building them into a model that quantifies the anticipated impact of alternative interventions. This would enable the predicted impact to be used to prioritise interventions and articulate the financial/economic business case for more external/government resources.
- 4.7 As workstreams A and B are more traditional areas of economic intelligence gathering and analysis it is likely that existing LEP partners may have the capacity available to undertake some of this work. It is recommended that options around this be explored in more detail. In contrast, workstreams C and D are significantly more complex and resource intensive, and it is likely that external expertise and capacity will be required in order to move these workstreams forward.
- 4.8 A task and finish working group of individuals representing a range of LEP partners will be created to take the work forward under the continued leadership of Nick Page. Key tasks will be to:
- 4.8.1 identify existing staff resources across LEP partners and begin to build awareness of this programme;
 - 4.8.2 prepare detailed briefs for workstreams A, B and C;
 - 4.8.3 prepare a project plan to further explore the work required under workstream D;
 - 4.8.4 Co-ordinate and oversee the commissioning of the work.
 - 4.8.5 In addition, this group could be tasked with exploring the outline business case for a potential dedicated Economic Intelligence function that would operate on behalf of the LEP and partners.
- 4.9 It is essential that work be progressed in good time in order to influence government plans and the CSR later this year. The working group would consider the timescales of each workstream and any necessary phasing/prioritisation in more detail.
- 4.10 Given the need to progress this work quickly, it was agreed by the LEP Board that delegated authority be given to the Chair to take decisions between meetings.

5 Financial Implications

- 5.1 To support this work the LEP Board has supported the commitment of an indicative sum of £100,000. This will be funded from the 40% of the retained levy from the business rate pool that has been allocated for economic development activity. This figure may not be sufficient but would be reconsidered following the production of a programme of activity and soft market testing where appropriate. Any further requirements for funding would be brought back for approval.

6 Legal Implications

- 6.1 None directly.

7 Equalities

- 7.1 None directly.

8 Consultation

- 8.1 The outline proposals in this paper have been subject to consultation with a range of local authority, LEP and university partners. It is recognised that there is already a substantial body of research and intelligence that is available and underway for a range of different economic geographies. Workstream A will ensure that all these are identified and therefore work will be aligned and duplication avoided.

9 Conclusion

- 9.1 It is recognised by the LEP Board that in order to maximise the impact of investment in the GBS LEP area there needs to be a coherent programme of compelling and robust economic intelligence and analysis.
- 9.2 To enable this work to commence the Board has supported the programme of activity set out in this paper and recommended that an indicative £100,000 be identified to begin to take it forward. The Supervisory Board is recommended to endorse this decision in order that delivery can commence.

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