



Cabinet Meeting

23 July 2014

Report title	Black Country Working – Strategic Economic Plan, City and Growth Deals, European Strategic Investment and Funding Strategy	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Roger Lawrence Leader of the Council	Councillor Peter Bilson Economic Regeneration and Prosperity
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Economic Partnerships & Investment	
Accountable employee(s)	Keren Jones Tel Email	Assistant Director (Partnerships, Economy and Culture) 01902 555410 keren.jones@wolverhampton.gov.uk
Report has been considered by	Enterprise and Business Scrutiny Panel	15 July 2014

Recommendation for action:

The Cabinet is recommended to:

1. Approve the recommendation to prioritise work on local economic development projects that are eligible for Local Enterprise Partnership (LEP) Growth Deal and European Union Structural and Investment Funds, in line with the Council's own Corporate priorities.

Recommendation for noting:

2. Note the opportunities to obtain significant government funding for Wolverhampton led projects through joint Black Country working.
3. Note the current position with EU Strategic Investment funding and the work underway to develop revenue projects that will complement the Growth Deal Capital projects.

1.0 Purpose

- 1.1 The report updates Cabinet on the development and delivery of the Black Country Strategic Economic Plan and supporting Growth Fund opportunities. It advises Cabinet and individual portfolio holders, on how this will provide opportunities and resources for Cabinet to deliver on a number of its delegated priorities.
- 1.2 To obtain Cabinet approval to prioritise work on local economic development projects that are eligible for LEP Growth Deal and European Union Structural and Investment Funds in line with the Council's own corporate priorities.
- 1.3 This report relates to a number of Cabinet responsibilities under the Council's constitution:
 - To advise the Council on issues arising from the Council's functions in relation to European, national and regional significance to the city, and advise on matters in relation to partner bodies (lead responsibility - Leader)
 - To work with government agencies, other councils and bodies active in the field of economic development and regeneration in the sub region and region (lead responsibility – Portfolio Holder for Economic Regeneration and Prosperity)

2.0 Background

- 2.1 **The Black Country Local Enterprise Partnership (LEP)** is one of 39 voluntary partnerships between local authorities and businesses set up in 2011 by the Department for Business, Innovation and Skills. The Leader represents the Council on the Black Country LEP Board.
- 2.2 The role of LEPs is to agree local economic priorities and lead economic growth and job creation. The LEP is expected to produce a Strategic Economic Plan that sets out its priorities and also makes its strategic case for government funding and investment.
- 2.3 **The Black Country Strategic Economic Plan (SEP)** was submitted to government at the end of March 2014. It focuses on activities that will grow the aerospace, automotive and building technology sectors in the Black Country. Alongside this the SEP also seeks to accelerate improvements to the Black Country as an attractive place in which to live, work, visit and invest. **(A copy of the executive summary is attached in appendix 1).**
- 2.4 The Black Country SEP sets out 12 strategic programmes to achieve growth objectives and attract government investment. These are in line with Wolverhampton City Council's local growth objectives and Wolverhampton City Council employees have played a key role in ensuring that the programmes reflect the local needs of the City, as well as those of the wider Black Country. These programmes provide a significant opportunity for the Council to attract resources that will enable Cabinet to deliver on its delegated functions.

2.5 Cabinet endorsement is sought for the proposed focus for the Council’s contribution to Black Country working, based on the relevant portfolio holder functions as set out in the Council’s Constitution.

Black Country SEP Programmes	Cabinet functions that will drive Wolverhampton’s contribution to programme and project development in the Black Country.
Programmes to raise employability, education and skills	
<p>P1. Skills for the supply chain: Work with businesses to raise the skills of the 432,300 workforce, and develop a labour market with the right levels of skills and qualifications to meet the needs of businesses from the area’s priority growth sectors.</p>	<p>Cabinet function: to facilitate the supply of skills and labour as appropriate to the needs of the market</p> <p>Lead responsibility: Economic Regeneration and Prosperity</p> <p>Cabinet function: To develop and implement a comprehensive strategy for post 16 education and to liaise with post 16 colleges and other provides in conjunction with the Black Country Learning and Skills Council.</p> <p>Lead responsibility: Schools Skills and Learning.</p>
<p>P2. Skills capital: Deliver capital infrastructure improvements to further education and training facilities across the Black Country so that no college has accommodation and/or facilities of poor quality.</p>	
<p>P3. Schools – Raising skills for the future: By engaging more with employers we can enhance and strengthen links with education and the local economy.</p>	<p>Cabinet function: Promote school, improvement and strategies to improve educational attainment including those for people aged 14 -19.</p> <p>Lead responsibility: Schools, Skills and Learning</p>

<p>P4. Skills for the Unemployed: Under this programme we will seek to tackle barriers to employment and enterprise among individuals, groups and communities furthest from the market. This includes additional support to families with multiple and complex needs.</p>	<p>Cabinet function: to encourage the creation of employment as appropriate to the needs of the market.</p> <p>Lead responsibility: Economic Regeneration and Prosperity</p>
<p>Programmes to transform the Black Country infrastructure and environment</p>	
<p>PI1. Expand the availability of high quality employment land and deliver a portfolio of strategic mixed use development opportunities: The aim is to ensure a continuous supply of competitive sites and buildings for growth, as well as enhancing the quality of strategically important business locations e.g. the Black Country Growth corridors. The Black Country Enterprise Zone plays an important role in this programme.</p>	<p>Cabinet function: To be responsible for matters relating to the physical environment and spatial planning, and discharge the Council's function relating to the statutory development plan. Also - to take positive steps to encourage industry and commerce by provision of facilities</p> <p>Lead responsibility: Economic Regeneration and Prosperity</p>
<p>PI2. Connecting goods, services and employees to work and to international markets: The effectiveness of the local transport infrastructure is an important element in maintaining international competitiveness of our growth sectors. Investment in the Black Country transport infrastructure and also in superfast broadband needs to be secured. Priorities are: improving motorway connectivity, maximising the benefits of HS2, unlocking employment and housing sites and, increasing sustainability, particularly for short trips.</p>	<p>Cabinet function: All main functions in relation to traffic, transport and highways</p> <p>Lead responsibility: Portfolio holder for Economic Regeneration and Prosperity</p>
<p>PI3 Housing: The Black Country's is to build a minimum additional 63,000 net homes by 2026. This is not just about housing numbers as it is intended that there will be an improved housing offer comprising of an attractive mix of homes for sale and rent, including residential development in the Black Country's strategic centres.</p>	<p>Cabinet function: To be responsible for matters relating to the physical environment and spatial planning, and discharge the Council's function relating to the statutory development plan. To also assemble land and to compulsory purchase land for planning purposes.</p>

	<p>Lead responsibility: Economic Regeneration and Prosperity</p>
<p>PI4. Local distinctive economies: Strategic urban centres have an important role to play in making the Black Country a good place in which to live, work, visit and invest. This programme recognises the importance of a good cultural, leisure, events, conferencing and hospitality offer. It also seeks to exploit the inter-linkages between culture, creativity and the wider knowledge economy, including high value manufacturing, research, innovation and technologies.</p>	<p>Cabinet function: To develop and implement a cultural strategy and a tourism strategy in conjunction with the private and voluntary sectors. To provide a range of arts and cultural facilities, resources programmes and events for the performing, literary, visual and media arts.</p> <p>Lead responsibility: Leisure and Communities</p>
<p>PI5. Quality environment and the low carbon economy: This programme recognises that the depletion of natural resources is increasingly becoming an economic issue. New approaches need to be taken to developing environmental business, products and services by taking a different approach to industrial, housing and mixed use developments and the development of cultural assets and the public realm. This programme also recognises the importance of that is attached to the quality of the environment and the need to improve green space, corridors and the extensive canal network.</p>	<p>Cabinet function: To be responsible for matters relating to the physical environment and spatial planning, and discharge the Council's function relating to the statutory development plan.</p> <p>Lead responsibility: Economic Regeneration and Prosperity</p> <p>Cabinet function: To provide public open space and nature reserves, together with programmes for active and passive recreational use. To develop and implement a cultural strategy and a tourism strategy for Wolverhampton.</p> <p>Lead responsibility: Leisure and Communities</p> <p>Cabinet function: To prepare, implement and review the operations of the council's environmental policies including the sustainability strategy</p> <p>Lead responsibility: City Services.</p>

Business programmes	
<p>B1. A supply chain fit to supply – supply chain development including innovation and enterprise: The aim of this programme is to improve the level of innovation and enterprise in the Black Country. The intended outcomes are to secure an additional £10 billion growth in GVA from automotive, aerospace and construction sectors. This includes support to existing businesses and increasing business births by an additional 1,453 from a current base of 3,400.</p>	<p>Cabinet function: To take positive action to encourage industry and commerce by the provision of facilities and by promotional activities</p> <p>Lead responsibility: Economic Regeneration and Prosperity</p>
<p>B2 Exploiting global opportunities: This programme will attract more companies into the Black Country and drive up trade and export into 12 key global markets. This includes a more integrated and better targeted approach to securing inward investment and supporting more companies to export.</p>	<p>Cabinet function: To take positive action to encourage industry and commerce by the provision of facilities and by promotional activities</p> <p>Lead responsibility: Economic Regeneration and Prosperity</p>
<p>B3 Access to finance: This programme seeks to improve and simplify access to finance for business to support business creation, growth and productivity. It covers debt, grant and equity finance.</p>	<p>Cabinet function: To take positive action to encourage industry and commerce by the provision of facilities and by promotional activities</p> <p>Lead responsibility: Economic Regeneration and Prosperity</p>

2.6 This report recommends that Cabinet approve the proposal to prioritise work on local economic development projects that are eligible for LEP Growth Deal and European Union Structural and Investment Funds, in line with the Council’s own corporate priorities.

3.0 Black Country City and Growth Deals

3.1 To support the delivery of LEP Strategic Economic Plans, the government has committed to negotiating a Growth Deal with every Local Enterprise Partnership (LEP) in the 2015/6 Spending Round. It has set aside a £2.0 billion Annual Single Local Growth Fund to be spent under the direction of LEPs. The first bidding round for Growth Fund and are for capital projects only.

3.2 The Black Country LEP submitted a bid for £55.6 million Growth Deal funding for 2015/6, and is developing a pipeline of projects for submission in further rounds. Projects have been assessed and graded by an independent panel, using Green Book Economic

appraisal methodology. There are a number of projects that Wolverhampton City Council are leading in that have received a high ranking through this process. These are key projects that are already prioritised within our own economic growth and inclusion project pipeline. A further report will be taken to Cabinet Resources Panel in July 2014, once negotiations with Government are further advanced. The projects are:

Project	LGF ask (15/16 figure in brackets)	Scope of project
Wolverhampton Interchange (SROI – Tim Johnson)	£4.5 million (£4.5 million)	As part of the fully integrated multi-model transport hub, this element will deliver new commercial floor-space for 278 high value jobs and improve the strategic gateway into Wolverhampton and the wider Black Country. A new station building will be constructed and the multi-storey car park refurbished and extended.
Cultural Capital (SROI – Keren Jones)	£6.6 million (£2.5 million) Figures updated June 2014	This project will result in a major refurbishment of the Civic Halls, with a smaller secondary investment in the Grand Theatre. This will increase capacity, improve the customer experience and enable the venues to diversify into niche business conferencing, where a gap in the market has been identified.
Bilston Urban Village (SROI – Nick Edwards)	£3.3 million (£3.3 million)	Working with the Homes and Communities Agency (HCA) this investment would bring forward infrastructure services and remediation to facilitate the release of further viable residential and employment sites.

3.3 Wolverhampton City Council is also a key partner in a number of other proposed 2015/6 Growth Deal projects that will be delivered across the Black Country and bring benefits to all local areas. These are:

Project	LGF ask (15/16 figure in brackets)	Scope of project
Access to Finance via Regional Growth Fund (Black Country Consortium)	£15.0 million (£5.0 million)	Businesses will be able to apply for grants to gap fund investment in plant, machinery and property. A total £15 million fund will be available over three years, leveraging over £40 million private sector investment and generating 1,500 jobs.
New Science, Technology and Prototype Centre (led by University of Wolverhampton)	£2.8 million (£2.8 million)	A £10 million centre at Wolverhampton Science Park will provide 2,839 m ² of high quality managed office space and laboratory testing space to facilitate proto-type and R&D activity.
People's Power Station (led by Encraft)	£0.5 million (£0.5 million)	A £3 million project with funding from the Technology Strategy Board to provide grants to building owners to install smart control technologies and local energy storage systems.
Transport - M6 Junction 10 (led by Walsall MBC)	£29.7 million (£0.7 million)	This scheme will improve the highway capacity and reduce vehicle delays by building wider bridges over the motorway. The junction is strategically situated between Wolverhampton City Centre and Walsall Town Centre.
Transport – Accessing Growth (led by Black Country Director of Transport – Laura Shoaf)	£18.0 million (£4.5 million)	Programme of schemes providing transport infrastructure to respond to market interest in housing, employment and other commercial activities.
Transport - Managing short trips (led by Centro)	£4.2 million (£1.5 million)	A programme covering a range of improvements including way finding and signage and investment in walking and cycling routes.

3.4 An announcement on the government allocations of 2015/6 Growth Deal to LEPs will be made in July 2014. Following the announcement, all projects will need to make a detailed business case. After the announcement a further, more detailed report will be submitted to Cabinet (Resources)Panel regarding the individual projects.

3.5 Cabinet members are already aware of the earlier deals around the Black Country Enterprise Zone and City Deal, which preceded the submission of the Black Country SEP. These programmes will also play an important role in delivering the Black Country SEP objectives.

4.0 Black Country European Investment and Strategic Funding Strategy

4.1 Another important source of funding that will support the delivery of the Black Country SEP, is European Funding. Last summer the government invited LEPs to submit strategic plans for England's £5.3 billion European Union Structural and Investment Funds (EU SIF) for 2014 – 2020. This work was led by Wolverhampton City Council, on behalf of the Black Country LEP.

4.2 The Black Country, along with all other LEPs, submitted the final draft version of its EU SIF on 31st January 2014. Formal feedback was received on 20 March 2014. The indicative allocation for the Black Country is £152.0 million. This funding is also aligned to the Black Country SEP programmes. It is principally revenue funding for projects that will complement the capital projects that are being developed through Growth Deal. Projects will be commissioned around four key themes:

- Provide business support to increase Small and Medium Enterprise (SME) competitiveness
- Provide support to businesses to innovate and develop new products and services
- Support the development of a low carbon economy
- Support projects that address skills, employment and social inclusion needs.

4.3 In order to be able to release the funding to the LEP areas, the UK government needs to finalise its Partnership Agreement with the European Union (EU). This has been delayed, partially due to a legal challenge by Liverpool and Sheffield city regions over the allocation of EU Structural and Investment Funds in England, which led to an injunction that prevents BIS from declaring the proposed financial allocations to the Commission – which is a key requirement of the Partnership Agreement. This required government to re-visit its Equality Impact Assessment, which has now been actioned and the UK Partnership Agreement was submitted to the European Commission by 22 April 2014, which was the regulatory deadline for submission.

4.4 Whilst the UK Partnership Agreement is being finalised, Black Country EU Officers Steering Group are working on developing a strong pipeline of projects, together with ensuring there are robust systems in place that ensure that EUSIF projects are fully

integrated into the overall project pipeline development to support the Black Country Strategic Economic Plan and are complementary to the Black Country Growth Bid and City Deal projects.

5.0 Financial implications

- 5.1 Should the bid be successful, the 12 priorities identified in the Black Country SEP have the potential to secure up to £55.6 million Local Growth Funding in 2015/16 and a further £220.0 million of Growth Deal and European Funding over the medium term. Wolverhampton direct schemes have identified a requirement of £14.4 million funding and potentially secure the benefit of a further £74.8 million through partnered schemes. It is anticipated that the LGF will lever in additional public and private funding at a rate of £3 to every £1 grant invested; stimulating total investment of £500.0 million in the Black Country.
- 5.2 This joint Black Country working is increasingly becoming one of the main routes for the city to access funding for economic growth and inclusion. This is the case for both the projects that the Council directly leads on and delivers, and also the route by which the Council can support our business, public and voluntary sector partners to get their projects off the ground. Regular reports will be provided to Cabinet Resources Panel on the overall pipeline development. [ES/03072014/H]

6.0 Legal implications

- 6.1 Final decisions on the prioritisation and contracting of Growth Deal projects will be the decision of the Black Country Joint Committee and Black Country Local Enterprise Partnerships. The local processes for EU SIF have yet to be finalised, and are part of the ongoing negotiations between the government and European Union. [RB/01072014/L]

7.0 Equalities implications

- 7.1 All projects that are put forward for funding will be subject to the Council's standard equalities impact assessment processes. Wolverhampton City Council also undertook the initial equalities assessment for EU SIF as part of its lead strategic role. This has been published along with the Strategy itself and can be found on the Black Country LEP website.

8.0 Environmental implications

- 8.1 The Black Country SEP, Growth Deal, City Deal, Enterprise Zone and EU SIF all provide significant opportunities to improve the local environment. Alongside that the EU SIF gives details on its current and future plans for the development of a low carbon economy and sets aside £26.0 million for low carbon and environmental protection projects. Black Country funding of £0.08 million made available for Wolverhampton City Council to recruit a 12 month secondment to develop the low carbon project pipeline for the Black Country.

9.0 Human resources implications

- 9.1 The Education and Enterprise Directorate are developing a process to ensure that project development work is prioritised in line with both the Black Country and our own local corporate priorities. This will have implications for how the Council employees within in the Directorate work in the future. It will require a more agile and flexible approach within the Council and wit other Black Country partners.

10. Corporate Landlord Implications

- 10.1 The Black Country Growth Deal, in particular, offers the Council opportunities to improve its own estate. These will be considered with the Corporate Landlord through the Council's Strategic Property Board.

9.0 Schedule of background papers

- 9.1 None