

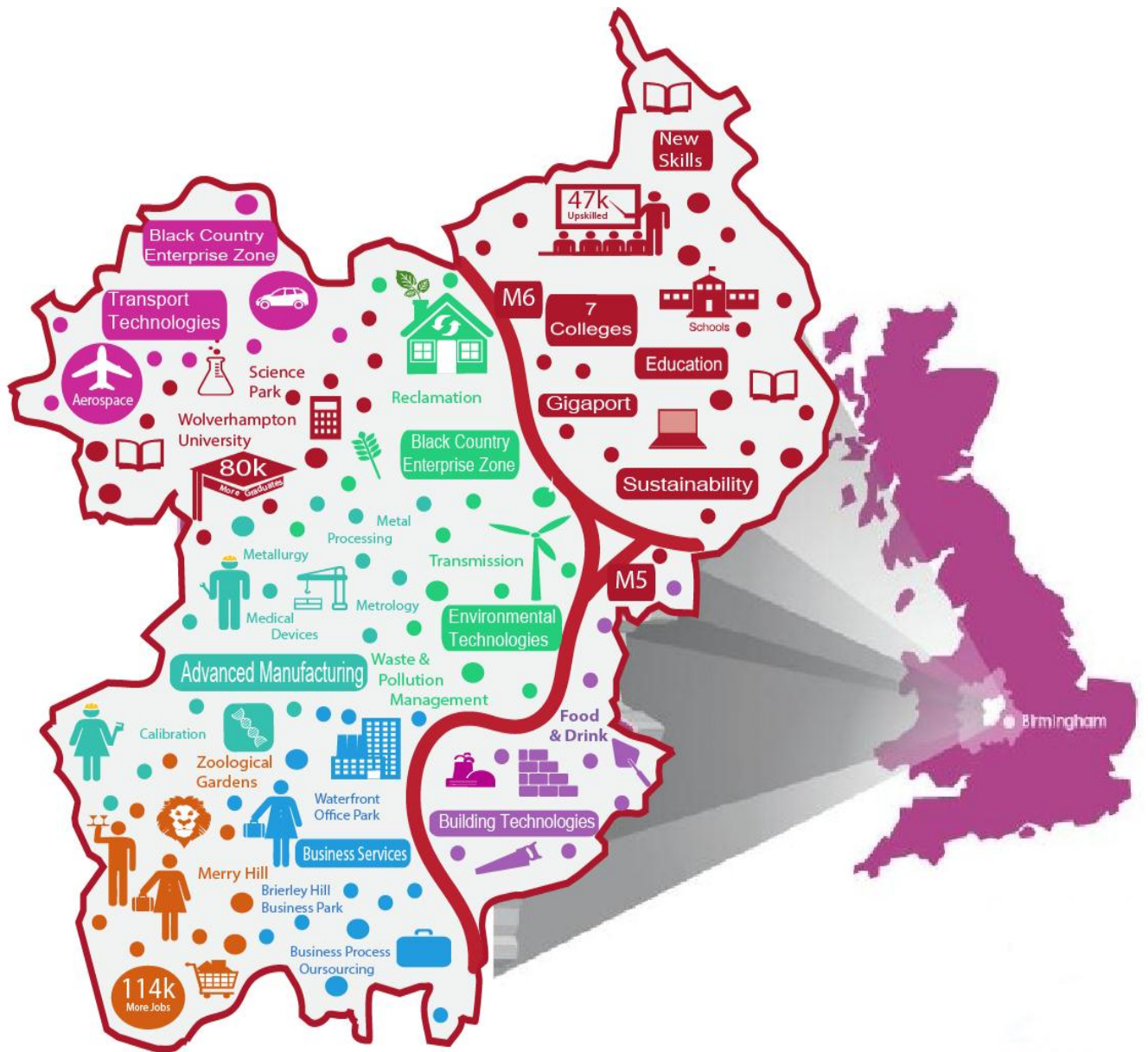


Black Country Strategic Economic Plan Executive Summary

‘Made in the Black Country:
Sold around the World’

31st March 2014





Black Country *LEP*



Executive Summary

The Black Country's strong manufacturing base, our deep-rooted and sophisticated supply chain networks, our global businesses and our location at the heart of the national transport network mean that we are uniquely well placed to deliver additional jobs in high value manufacturing.

Our ambition is focused on the Aerospace, Automotive and Building Technologies Sectors. These sectors have been selected based on extensive evidence of growth globally and nationally. The Black Country is well located in terms of supply chains and economic clusters, ensuring we are a leading player in the delivery of the UK Industrial Strategy. Our Strategic Economic Plan will deliver additional growth in these sectors. It will also help us to accelerate improvements to the Black Country as an attractive place in which to live, work, visit and invest.

Our vision

We have a long-established vision for the Black Country in 2033 which provides a firm foundation for our local growth deal¹. Our aim is to grow our global supply chain with the world class skills it demands, to maximise the benefits of our location, to exploit our industrial and geological heritage and to provide high quality housing to meet the needs of a balanced growing population. Our ground-breaking core strategy provides a pro-growth planning framework to deliver this vision.

By 2033 the Black Country will have increased the number of local jobs to 545,000 (+113,000 jobs) and strengthened our business base of 32,000 with an additional 1,500 new businesses each year. The Black Country will be home to 1.2 million residents with increased levels of graduates 231,000 people (+80,000) and accommodating an additional 47,000 new homes (from baseline 445,000).

Our capacity to deliver

Our LEP has the advantage of building on over a decade of joint working between business, local councils and the voluntary sector. The four Black Country Councils have established a statutory Joint Committee which the LEP attended. The Joint Committee met in March 2014 and endorsed this Strategic Economic Plan. These arrangements enable collective binding decisions to support the implementation of our economic priorities, City Deal and in the future our Local Growth Deal. We are extending the number of Black Country joint teams to ensure effective delivery on the ground. This partnership working extends to our neighbouring LEPs in the West Midlands with our shadow Integrated Transport Authority arrangements and formal West Midlands LEP Group.

This builds on our track record of collective decision-making and effective delivery, including:

- ✳ One of the most successful Enterprise Zones in the country, which is acting as a catalyst for growth nationally and is home to JLRs UK Engine Centre;
- ✳ Our Skills Factory is brokering the delivery of new skills provision to meet the training needs of businesses;
- ✳ Our ground breaking 'business friendly' guides including our Planning Charter and Access to Finance Funding Fact Sheets;
- ✳ The establishment of Invest Black Country which secured a 15% increase in jobs created by foreign investment in 2012-13.

Our focus and prioritisation

In developing this SEP we have been rigorous in identifying which sectors have the best potential for additional growth over the next six years, what action is needed to enable businesses in those sectors to grow and what investments will deliver that action in a way that has the biggest impact and provides good value for money.

¹ Our long term strategy and the evidence base for it are set out in a suite of documents including the Black Country Study, the Black Country Strategy for Growth and Competitiveness, the Core Strategy and our annual performance reports. The documents are available on www.the-blackcountry.com

Opportunities for growth:	
Globally and Nationally	In the Black Country
Aerospace: Boeing and Airbus anticipate near doubling of civilian aircraft fleet by 2033	20% of UK aerospace output underpinned by 4 Black Country Companies
Automotive: SMMT predicts UK automotive production could increase from 1.6m units in 2013 to 2.2m in four years	Black Country companies in automotive support the supply chain of 10 OEMs, 7 of which are within 45 minutes' drive
Building Technologies: UKTI has identified £94bn of opportunities for UK businesses to secure global construction orders	Presence of 66 strategically important construction businesses, including global leaders such as Carillion plc.

Black Country businesses are eager to exploit its above opportunities, but in order to do so they have identified a number of steps to enable them to compete internationally. They are to:

- ✳ Deliver bespoke training on modern equipment in high quality facilities which meet the specific needs of businesses in our growth sectors;
- ✳ Increase business investment in skills and training;
- ✳ Develop the capacity of Black Country businesses to innovate and respond to new opportunities;
- ✳ Enable the supply of high quality employment sites and premises;
- ✳ Improve our housing mix;
- ✳ Provide quick, efficient and reliable movements of products and people to the strategic road and rail network.

We have adopted a robust approach to prioritising projects including an open call for business cases and the assessment of those cases by an independent panel. We have used the Government's five case model: strategic case, commercial case, finance case, economic case and management case.

Our Local Growth Deal

Our proposed local growth deal comprises:

- ✳ A first phase of 12 priority investments - set out on the next page - which have been given an A grade by our independent panel and which we are confident can be delivered in 2015-16;
- ✳ An initial phase of four transport investments which deliver enhanced, multimodal connectivity to HS2, key sites and the motorway network;
- ✳ A longer-term programme of transformational projects, including a Black Country Centre for Elite Manufacturing Skills and a Centre of Excellence for Light Rail Innovation;
- ✳ A pipeline of other projects for delivery in 2016-17 and beyond;
- ✳ A collaboration with government to develop innovative approaches to our most deep-seated challenges drawing on approaches such as payment by results, community budgeting, the rationalisation of public sector assets and social impact bonds.

Our Local Growth Deal 2015-16

Our first phase of 12 priority investments will:

- ✳ Help companies in our target sectors to invest in plant, machinery and property;
- ✳ Enable SMEs to gain a "first mover advantage" in the UK smart grid market;
- ✳ Grow the capacity of our science park to enable business creation and growth in high value manufacturing;
- ✳ Bring forward 4 key developments, 3 housing developments and one employment site;
- ✳ Provide capacity and improve reliability of journey times to key centres and sites for growth;
- ✳ Maximise the benefits of HS2 to the Black Country;
- ✳ Significantly improve the quality of our city centre cultural and events offer;
- ✳ Increase our capacity to deliver high quality training to fill skills gaps faced by businesses in our target sectors;
- ✳ Deliver specialist equipment for use in new training provision.




Unlocking Black Country Business Growth in Aerospace, Automotive and Building Technologies Sectors

Top 16 Priority Investments

Strategic Programmes to Raise Employability, Education and Skills – Priority Investments

	New Centre for Advanced Science, Engineering and Technology Skills Coombswood Business Park	2015-16 LGF Ask: £1.1m	Additional capacity to meet skills needs identified by businesses. £3m investment in a 1,300 m ² centre, providing 250 higher level apprenticeships to meet skill gaps. This proposal has the backing of major local businesses - including Exova, Eurofins Scientific & Sterling Power Group – 3 of which have good practical training facilities to complement the new facility.
	New Centre for Advanced Building Technologies & Construction Skills Dudley College	2015-16 LGF Ask: £7.4m	Additional capacity to meet skills needs identified by businesses and enable construction sector to benefit from opportunities presented by HS2. New centre comprising 4,427m ² . Leading in Building Information Modelling the centre will up skill over 3,250 people in the first 5 years. Strong business backing including companies such as Carillion, Stepnell, Skanska, Interserve.
	New Advanced Manufacturing Training and Education Centre and Construction Centre	2015-16 LGF Ask: £6m	Additional capacity to deliver advanced manufacturing apprenticeships and training for the existing workforce. Includes focus on graduate retention and the unemployed. BMET Stourbridge Campus: £15m to build and establish a world class training and education facility. Developed in association with JLR and its supply chain. A “just in time” training model.
	Specialist Equipment for High Value Manufacturing Sector	2015-16 LGF Ask: £0.2m	Investment in high tech high value manufacturing capital equipment to meet current gaps in the facilities available. Will enable providers to meet skills needs identified by businesses. Equipment includes creation of a ‘Fab Lab’ in West Bromwich to turn ideas into new products and prototypes. Two training providers in Walsall, Incomm and PTP will provide CNC machines and the training required by businesses.



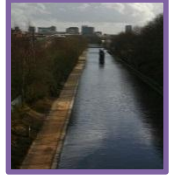

Strategic Programmes to Improve Black Country Business Competitiveness – Priority Investments

	Access to Finance via Regional Growth Fund	2015-16 LGF Ask: £5m	Strengthens the capacity of Black Country businesses to take advantage of new market opportunities. Will provide Access to Finance via the Regional Growth Fund to grow Priority Sectors via capital investment in plant, machinery & property. A £15m fund will be available over 3 years, leveraging in over £40m of private sector investment and generating 1,500 jobs.
	New Science, Technology and Prototype Centre	2015-16 LGF Ask: £2.8m	Enhances the capacity of Black Country businesses to innovate and exploit new opportunities. A £10m centre at Wolverhampton Science Park to provide 2,839m ² of high quality managed office space and laboratory/testing space to facilitate prototype and R&D activity. Demand established in Science Park expansion study.
	People’s Power Station	2015-16 LGF Ask: £0.5m	A £3m project with funding from the TSB to make the Black Country a national leader in the development and deployment of smart grid technologies. The project will provide grants to building owners to install smart control technologies and local energy storage systems. Enables independent supply and builds first mover advantage in a rapidly developing global market.

Strategic Programmes to Transform the Black Country Infrastructure and Environment – Priority Investments

	Goscote Lane Corridor regeneration	2015-16 LGF Ask: £2.5m	Investing £28m in a transformational programme to bring forward a residential development of 735 houses on three related vacant brownfield sites, totalling 21 hectares, within the Goscote Lane Corridor regeneration area in Blakenall, Walsall. Evidence of strong market interest.
	Bilston Urban Village	2015-16 LGF Ask: £3.25m	Working with the HCA and Wolverhampton City Council who have committed investment to provide further infrastructure, services and remediation to facilitate the release of further viable residential and employment development sites including 580 houses. Would improve housing mix. Complements investment in new academy and leisure centre
	Bentley Lane, Walsall	2015-16 LGF Ask: £8.8m	Creating 11 hectares of high quality employment land, in a key industrial development location to undertake site remediation works addressing off site road improvements. The site has known developer interest from a locally based national operation planning significant business expansion. The net development area is c400,000 sq ft and will create 800 jobs.
	Woods Lane, Cradley Heath	2015-16 LGF Ask: £1.9m	£5m LGF investment enabling a new road junction to access a development site for 247 homes, together with relocation of three key manufacturing businesses, & environmental improvements to the River Stour. This project will lever £30m of private sector funding, regenerate 9.43 hectares of poor quality industrial land & improve 0.6km of the River Stour Corridor.
	Cultural Capital	2015-16 LGF Ask: £5m	A £5m investment supporting a £20m investment to transform Wolverhampton city centre. A major refurbishment and extension of the Civic Halls, coupled with adaptations to the Grand Theatre. The project will address the barriers to the growth and viability for both of these key venues. The Civic Halls is a unique, nationally recognised venue in the cultural and creative industry sector. Enhances wider Black Country offer.

Transport Priority Investments

	M6 Junction 10	2015-16 LGF Ask: £0.7m	A major motorway junction congestion busting scheme with complementary improvements to the adjacent local highway network and in support of the Enterprise Zone. This project is jointly designed and funded in partnership with the Highways Agency who are aligning significant resources and will deliver £221m of journey time benefits.
	Wolverhampton Interchange	2015-16 LGF Ask: £4.5m	The project will provide a fully integrated multi-modal transport hub, deliver new commercial floor space for 278 high value jobs and improve the strategic gateway to Wolverhampton, the wider Black Country, Birmingham and HS2. A new rail station building will be constructed & the multi-storey car park refurbished & extended.
	Managing Short Trips	2015-16 LGF Ask: £1.5m	The Managing Short Trips programme encompasses a range of improvements which includes innovative 'Interconnect' way finding, and signage supported by physical walking and cycling routes across the Black Country to form an attractive Active Travel Network.
	Access to Growth	2015-16 LGF Ask: £4.5m	A fund designed to help deliver smaller schemes (above £500,000 but less than £5,000,000) which improve access to employment sites and strategic centres. Schemes include highway efficiency improvements, sustainable transport, and interchange improvements which will deliver 1,600 housing units, a 10ha employment site and 215,000 sqft of B1 premises.

Area	Total LGF 2015-16	Outputs-Impact 2015/16	Total LGF 2015-21	Outputs-Impact 2015/21
Transport	£11.2m (+£5.7m majors)	2,746 jobs	£56.4m (+£9.3m)	2,806 jobs
Skills Capital	£14.6m	528 jobs, 478 business assists, 1,286 learner assists	£15.9m	2,258 jobs, 78 houses, 2,509 business assists, 7,135 learner assists
Housing	£7.7m	290 jobs, 200 houses, 3 Business assists, 176 learner assists	£17.2m	2,031 jobs, 1,562 houses, 13 business assists, 239 learner assists
Other	£22.1m	1,917 jobs, 1,402 business assists, 17 learner assists	£35.8m	4,612 jobs, 1,518 business assists, 155 learner assists
Totals	£55.58m (+£5.7m majors)	5,481 jobs, 200 houses, 1,883 business assists, 1,479 learner assists	£124.9m (+£9.3m)	11,707 jobs, 1,640 houses, 4,040 business assists, 7,529 learner assists

To secure this **we are seeking £56m from the Local Growth Fund in 2015-16** and an additional £5.3m of our pre allocated Transport Majors Funding. These combined investments will lever in an additional £39m from other public sector organisations and £102m from private sector investors. Leverage of £3 for every £1 of Government LGF investment. Across the SEP period as a whole, to support our initial 16 investments, we are seeking £125m from the local growth fund and £9m of pre-committed funding. This will lever a total of £64m from the public sector and £288m from the private sector. **We are also seeking £175k in 2015-16 to fund a feasibility study and business case development for our Proposed Centre for Manufacturing Skills (CMS) Elite Centre.**

Our local growth deal 2016-17 to 2020-21

We are developing a set of new transformational projects for subsequent years which will tackle our deep-seated barriers to growth. Our flagship project a **Black Country Centre for Manufacturing Skills (CMS) Elite Centre** with our ambitions to develop a stronger partnership with a number of Catapult Centres. This facility, which has extensive business backing, will provide high level, high quality training in the key supply chain skills areas of toolmaking, foundry, forging and advanced CNC.

We are also aiming to become the **UK Centre of Excellence for Light Rail Innovation**. Developed with partners such as the Warwick Manufacturing Group, Centro, UKTram, and the Department for Transport, the centre will showcase emerging innovation utilising opportunities for a demonstrator track, will create opportunities for skills and employment, and develop the capacity in the UK to build rather than import light rail vehicles.

In order to accommodate business growth, through a focus on supply chain expansion we need a good supply of high quality employment sites and premises with relevant access to finance mechanisms. Evidence of business demand shows that we must bring forward a further programme of sites in addition to the Enterprise Zone and City Deal programmes. These sites will have project financing requirements which mechanisms such as the city deal loan fund were not designed to address. We are developing proposals to fund this from 2016-17.

We have developed a programme of medium term priority investments for delivery in 2016-17 and beyond and we have identified a pipeline of additional projects which we will develop with expertise from both public and private sectors.

Freedoms, flexibilities and non-financial asks of government

A key issue for us is the need for additional revenue resources to enable us to fund a number of our mid-term priorities, particularly our proposals to address our low skills base and incentivise higher levels of business investment in training. As noted above we are specifically seeking £175k in 2015-16 to fund the CMS Elite Centre Business Case. In the longer term we are seeking either access to revenue resources through the local growth fund in 2016-17 and beyond, or an ability to use councils' capital receipts to fund revenue expenditure linked to the delivery of projects in our growth deal. We

have also identified a number of non-financial asks of government to enable faster progress to be made on the delivery of our SEP. These include:

- ✦ Government engagement in discussions to bring forward further strategic sites in our Enterprise Zone;
- ✦ More flexibility in the use of surpluses relating to our superfast broadband programme;
- ✦ Request that the opportunity to bid for 'University Enterprise Zone' status be widened from the Core Cities, to all areas with a City Deal;
- ✦ The extension of the PWLB arrangement in our City Deal to support the private sector investment in bringing forward housing sites;
- ✦ Flexibility on the application of the Employer Ownership Fund to support small businesses.

We want to use the local growth deal negotiations to explore more innovation approaches to addressing the following challenges:

- ✦ Our low skills base and the under-investment by Black Country businesses in skills and training;
- ✦ The delivery of a further programme of high quality employment sites;
- ✦ Strengthening the capacity of businesses to innovate and exploit new opportunities;
- ✦ Significantly improving the Black Country as a place in which to live, work, invest and visit.

The table below sets out the issues we face in relation to these challenges and the approaches we are keen to develop through discussions with Government. In particular we want to explore:

- ✦ How payment by results could incentivise the provision of training to meet skill gaps identified by businesses and meet the demand for "bite-sized" provision;
- ✦ Whether the application of the principles of social impact bonds could be applied to new enterprise impact bonds to finance a new programme to enhance the capacity of small businesses in the Black Country to innovate and exploit new market opportunities;
- ✦ The use of community-budget type approaches to enable us to make more headway in our action to improve the attractiveness of the Black Country as a place in which to live, work, visit and invest, including the rationalisation of public sector assets.

We are aware that these approaches are among those being explored by the Local Public Service Transformation Network which was established by the government in July 2013, building on the work of the four whole place community budget pilots. We are keen to both engage with and learn from that network and to ensure that there is a West Midlands contribution to it.

We look forward to agreeing with you a Black Country Local Growth Deal that enables Black Country businesses to create more jobs and accelerates our action to exploit the opportunities for growth in the aerospace, automotive and building technology sectors. Increasing our competitive capability for more products to be made in the Black Country and sold around the world.

Signed:



Stewart Towe Chairman Black Country Local Enterprise Partnership



Cllr Roger Lawrence on behalf of the Black Country Joint Committee

Black Country Local Enterprise Partnership
The Deckhouse, Waterfront West,
Dudley Road, Brierley Hill DY5 1LW
Tel 08458 15 15 15
Fax 01384 471177

© Black Country Consortium Ltd 2014

www.blackcountrylep.co.uk

 @blackcountrylep

