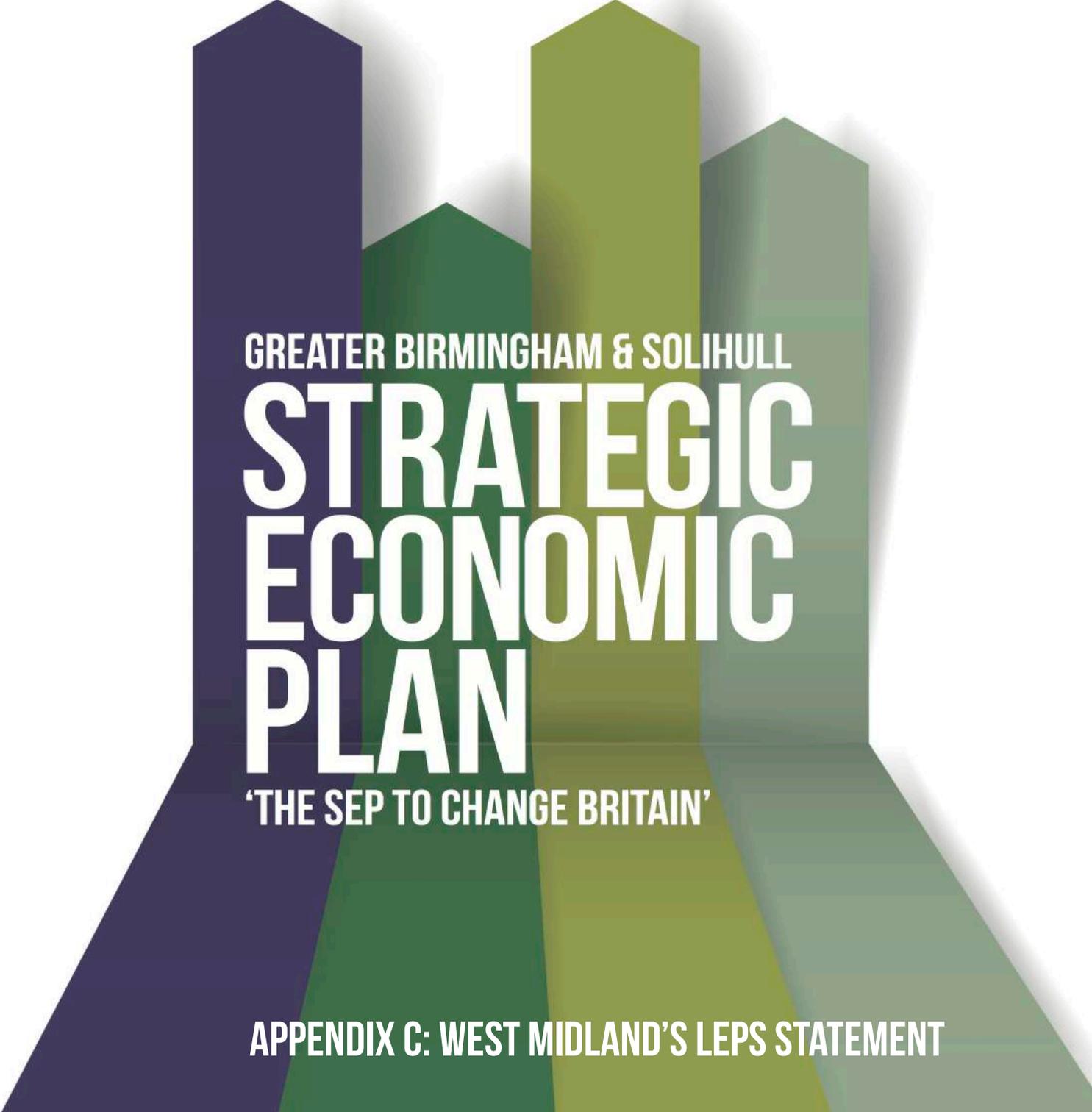




**Greater Birmingham
& Solihull**
Local Enterprise Partnership



GREATER BIRMINGHAM & SOLIHULL
**STRATEGIC
ECONOMIC
PLAN**

'THE SEP TO CHANGE BRITAIN'

APPENDIX C: WEST MIDLAND'S LEPS STATEMENT

West Midlands LEPs

Enabling Global Manufacturing Competitiveness, Capacity and Innovation

The Midlands and the West Midlands in particular¹ is England's manufacturing heart, home to a critical cluster of the UK's most important and biggest manufacturing businesses and leading centres of advanced engineering research with 4 of its LEPs alone² accounting for 1 in 8 of all of the manufacturing jobs in England.

The area is at the centre of one of England's biggest interconnected manufacturing supply chain cluster covering a spectrum of different manufacturing and engineering sectors associated support services supplying internationally renowned volume producers. In particular, the automotive and aerospace supply chain is a dominate feature of this landscape.

In terms of aerospace the Midlands aerospace supply chain is makes up of 400 core high-technology manufacturing supply chain companies and institutions consisting of 40,000+ largely high skilled well paid technology and manufacturing jobs.

The West Midlands makes up just over 60% of this Midlands based cluster and is organised around the companies Aero Engine Controls, Goodrich, Moog and Meggitt, in Birmingham, Wolverhampton and Coventry, which supply electro-mechanical systems to control aircraft moving parts wing flaps and slats, landing gear, wheels and brakes to aircraft makers like Airbus, BAE Systems and Boeing, and similar control systems to Rolls-Royce and engine makers across the globe. At the base of the supply chain, the West Midlands hosts the UK's specialist aerospace materials producers including Alcoa (aluminium) and Timet (titanium) in Birmingham and Special Metals Wiggin (specialised alloys) in Hereford.

The other hub in the Midlands is centred on the civil aerospace operations at Rolls-Royce, the world's second largest manufacturer of aircraft engines, in Derby.

In terms of automotive the West Midlands supply chain is makes up of many high-technology manufacturing supply chain companies and institutions consisting of 80,400 largely high skilled well paid technology and manufacturing jobs which represent 30% of the total jobs in England across the automotive supply chain. Taking the example of Jaguar Land Rover, 25% of their purchasing spend is West Midlands based representing £3bn of spend in 2012/13 and this growing at 15-20% per year.

This agglomeration (clustering) effect – the concentration of people and businesses within a defined area – is having an increasing impact on the area's economic performance. The development of this manufacturing and engineering cluster allows businesses to derive competitive / productive benefits from locating together forming locational advantages such as access to a pool of skills and talent, specialised supplies, networks, research and expertise etc.

Against the backdrop of the renaissance of manufacturing and the increasing trend for businesses to reshore manufacturing capacity back in England there is now a real opportunity to gain significant levels of additional economic growth and new jobs for the West Midlands.

¹ The LEPs of the Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull, the Marches, Stoke-on-Trent & Staffordshire and Worcestershire.

²The Black Country, Coventry & Warwickshire, Greater Birmingham and Stoke-on-Trent and Staffordshire

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The West Midlands LEPs are committed to pursuing this economic opportunity through their individual strategic economic plans (SEPs) by showing how they can work collaborative together to help create the conditions to enable greater **manufacturing competitiveness, capacity and innovation** across the region leading to increased levels of economic growth and the creation of new jobs.

This is not one-size fits all' collaboration but the SEPs will show how individually and collectively they can deliver in appropriate combinations on different elements of this work through their own SEPs towards achieving this objective. . We are keen to ensure that the scope for developing this collaboration, where it is in the interests of businesses to do so, is pursued in our subsequent local growth deal negotiations, and that they include a wider West Midlands dimension.

The LEPs' individual SEPs will refer to pan LEP working where appropriate and this short statement summarises the scope of this collaboration in relation to the following 3 key areas of:

- Providing direct support in the areas of competitiveness, capacity and innovation to the manufacturing supply chain particularly in the areas of aerospace and automotive.
- Providing finance to help to fund manufacturing businesses become competitive and innovative and to expand capacity.
- Providing better connectivity for trade to flow across our manufacturing supply chain through improved transport links.

Other areas in which collaboration is taking place between LEPs in the West Midlands are:

- The low carbon economy (Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull, the Marches, Stoke-on-Trent & Staffordshire and Worcestershire).
- Inward investment support and the visitor economy (Black Country and Greater Birmingham & Solihull).

Providing Direct Help and Support to the Manufacturing Supply Chain

At the core is a desire from at least 4 LEPs³ to develop a pan-LEP offer which will build on the establishment of individual growth hub (three of which are funded through the Lancaster University RGF4 project), The aim being to enable a more comprehensive and joined up package of support to such businesses and better utilisation of the area's business growth support, knowledge and innovation assets.

The focus of the pan West Midlands LEP work:

- Exploring the potential for the growth hubs to **share services / back office** functions and costs including ICT and CRM systems, marketing and events and key staff.
- The development of a **shared new business plan across the network of expertise across the region** sharing of expertise for such areas as product development,

³ Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull and Stoke-on-Trent & Staffordshire

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including the development of schemes such as innovation vouchers and dedicated account management.

- To develop a **supply chain support programme**, including awareness raising of supply chain opportunities (eg linking businesses with OEMs), action to help businesses to utilise existing support services from a wide array of manufacturing focused services and assets, training access to skills advice / support and export advice.

Given the economic geography of the area, and overlap of the GBS LEP in the north and south of its area with two other LEPs, it would make sense for the LEPs to explore how much of a Growth Hub can be shared, but hiding the wiring, to offer a simplified and better access point for business while reducing delivery costs. This possibility should be based on the following principles:

- Distinctive local growth Hub brands for each LEP.
- Agreement to share information as to the design and procurement process of CRM systems
- Agreement on key data features and operational requirements to aid inter-operability and sharing of business data and market intelligence.
- Agreement to hold common databases and to share business data across LEPs subject to confidentiality.
- Agreement to promote events across the LEPs.

Providing Finance

Getting funding in the current climate is a key barrier for many companies seeking to extend along the value chain and exploit supply chain opportunities of the type that are available in the West Midlands.

GBS, Black Country and Coventry and Warwickshire LEPs are collaborating with Liverpool LEP on the Advanced Manufacturing Supply Chain Initiative (AMSCI) through the provision of Regional Growth Funding (RGF). There is also grant funding from the £20m West Midlands Green Bridge Fund.

In addition, there are three funding schemes which are about to be launched – a national Tooling Fund (£12m of RGF), a West Midlands Mezzanine Fund (£7m RGF) and a GBS LEP Loan and Equity Fund which together with their respective private sector co-investment partners will contribute towards the funding of manufacturing businesses.

The six West Midlands LEPs are committed to creating a regional JEREMIE type Investment Fund of at least €125m, this being made up of Advantage West Midlands legacy funds, contributions from each LEP from its ERDF component of its European Structural & Investment Fund and securing an additional €50m from the European Investment Bank.

Transport

Transport is a top priority for pan LEP working in the West Midlands. Not only it is important for its own sake but an effective transport infrastructure is particularly important to this supply chain as it allow the important movement of goods and the delivery of services both across

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England as well as on an international basis where there is a heavy reliance on reliable and quick supply logistics.

The area sits at the apex of an extensive national and international transport infrastructure and the six LEPs are determined to ensure that it does not become a transport bottleneck and to maximise the potential impact of HS2. The links are reinforced by the motorway network, the rail network (which will be transformed by HS2) and the importance of accessibility to a network of airports including Birmingham.

Pan LEP work has already well advanced and includes the following examples:

- Transport – Airport lobbying and formal response to the Aviation Policy Framework consultation.
- Joint work around national connectivity/regional centre connectivity including the M6 Toll road.
- Engagement with Government departments such as DfT.
- RAF Cosford – Prospectus for Growth.
- Coordinated representation on the LEP Network (Peter Pawsey WLEP)

We have developed a pan LEP transport statement setting out our commitments alongside a number of asks of Government. Our objectives are to:

- Enable movement between key employment sites, ports and airports.
- Opening-up and enhancing the locational advantage of key employment sites.
- Provide good access to the area's innovation ecosystem.
- Ensure that the motorway, trunk road and rail networks support the area's main freight and logistics locations and movements.

We propose to do this by focusing on:

- The contribution to the economy of motorway junctions, managed motorways and better utilisation of the M6 toll.
- How HS2 connectivity and investment in electrification and rail freight can help move people and goods.
- The part played by local highway improvements in enabling businesses to access the workforce and the strategic network.
- Identifying the critical investments that open up key sites.

Our investment asks of government include:

- Support for the principles underpinning the "HS2 West Midlands Local Connectivity Package".
- prioritising investment in rail electrification in the West Midlands (for example the Wolverhampton to Shrewsbury line) and the "Midlands Connect" rail package.
- Extending the "Managed Motorway" to the remaining sections of the motorway box.

Our joint asks as six LEPs are:

1. Multi-year allocations and flexibility to help deliver transport priorities.
2. Joint working with government to realise the full benefits of the M6 Toll, enabling the M6 to perform its strategic function.

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3. Active support for the West Midlands rail devolution proposal, including integration with the London Midland franchise.
4. A stronger direct input to the Highways Agency's investment programme.

Governance

As LEPS, Chairman and officers meet on a formal basis enabling a coordinated response to key issues locally and nationally. On the newly created West Midlands ITA, LEP Chairman sit in partnership with local authority Leaders.