



**Greater Birmingham  
& Solihull**  
Local Enterprise Partnership

**GREATER BIRMINGHAM & SOLIHULL**

# **STRATEGIC ECONOMIC PLAN**

**'THE SEP TO CHANGE BRITAIN'**

**APPENDIX J:  
GAME-CHANGERS AND FREEDOMS AND  
FLEXIBILITIES**

## **GAME-CHANGER 1: GBS Growth Hub**

### **Introduction**

In December 2013 Government launched its Small Business Strategy; Small Business: GREAT Ambition. It sets out Governments commitment to making sure that small businesses (employing less than 250) are well equipped to take advantage of opportunities highlighted within its Industrial Strategy which set out its long term approach to promoting growth, creating jobs, boosting skills and making the UK more competitive.

An important aspect of this Great Ambition report are the initiatives that will be put in place to support businesses across the UK, including a commitment to roll out Growth Hubs during 2014 and 2015, to provide a single place for businesses to go to for local advice and support.

The establishment of a Growth Hub to help small businesses has already been included in the LEP's submission as to how it will deliver its European Structural & Investment Fund (ESIF) Strategy 2014 - 20. It is also included in our Strategic Economic Plan (SEP) as one of the important "game changer" that when taken together with other game changers will have a truly transformational impact on our local economy enabling us to maximise businesses' opportunities and potential for growth. Our vision for the Growth Hub is that it provides a world class business support experience by dealing with the following issues in how we currently support our businesses:

- Businesses are currently finding it hard to access and navigate around the various sources of advice, knowledge, support and funding in such areas as innovation, skills training, finding / accessing new home / overseas markets as the support environment is fragmented. This results in many companies not finding (or possibly giving up searching for) relevant support. This is leading to low levels of advice being sought and support being provided.
- This lack of access and engagement by businesses is seen in turn as leading to them underperforming in all sorts of areas (such as investing in new products and processes and in growing and developing new markets) which is holding them back from growing their business and creating new employment opportunities. Evidence shows that those businesses that are supported do much better (grow faster) than those which are not.
- Business support is largely directed at smaller businesses and there is insufficient help and support at a LEP level for medium sized and larger businesses.

Funding has been made available to our neighbouring LEPs of Stoke and Staffs, Coventry and Warwick and the Black Country through the £32m Wave 2 City Deal funding to help them to establish their Growth Hubs from April 2014 onwards. However, limited funding will be available to our LEP in 2014/15 to establish our Growth Hub.

Furthermore, within the joint BIS/Lancaster programme for the Wave 2 City Deals the Chambers of Commerce were clearly identified as having a prominent role in the programme, whereby it is assumed they would deliver it. The GBS LEP has already made a commitment to working with the Greater Birmingham Chambers of Commerce in the development and delivery of our signposting service but without access to appropriate

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funding we are not in a position to progress this, something which further adds to these cross LEP disparities.

Our LEP will have access to funding from the ESIF in mid 2015 but this will be focused on interventions to support ambitious start-ups, micro and SMEs. This puts our LEP at a huge disadvantage as we can only endeavour to collaborate with other LEPS but we cannot join this roll out of Growth Hubs or their work with the Chambers of Commerce until about a year later than our neighbouring LEPs.

Our LEP therefore requires revenue funding in early 2014 so that we can, as a LEP establish a Growth Hub in mid-2014 for our businesses as well as expand the reach and capacity of the Growth Hub beyond that contained within the submitted ESIF.

All of the West Midlands LEPs are committed to setting up Growth Hubs as a means of delivering economic growth. There is a keenness amongst 3-4 LEPs to see how we can work collaborative together to help create the conditions to enable greater competitiveness, capacity and innovation across the region's manufacturing supply chain (where there is a shared heritage and opportunities), the low carbon economy or across activities such as inward investment by developing joint plans and initiatives as businesses see administrative boundaries as irrelevant. One such specific collaborative programme is around a cross LEP Advanced Manufacturing & Engineering Growth Hub.

The GBSLEP Growth Hub also sets out 4 new specific delivery programmes that it wishes to establish:

1. A cross LEP Advanced Manufacturing & Engineering (AME) Growth Hub in early 2014, with Black Country and Coventry & Warwickshire LEPs and possible with Stoke & Staffordshire LEP, to provide dedicated support for this growing supply chain helping to develop and improve the competitiveness and growth of businesses within it (appendix 1a).
2. An Advanced Manufacturing & Engineering Supply Chain Business Programme in our LEP which would deliver end to end business solutions to meet local supply chain skills needs by connecting a number of discrete but associated activities, which link employers to sources of recruitment, training and skills provision within the LEP (and from other sources nationally), and providing a gateway to opportunities for individuals seeking access to learning, jobs and skills. (appendix 1b).
3. A collaborative support programme for medium-sized businesses (t/o £25m to £500m) in our LEP that is targeted at the specific needs of this type of businesses that in a number of cases are businesses with higher potential growth (appendix 1c).
4. A new engagement programme with major indigenous businesses in our LEP to establish and develop strategic relationships with them over time to gain intelligence of their future intentions, to help them deal with various issues which would help to safeguard existing jobs and possibly help them to create new job opportunities (appendix 1d).

The attached appendices 1a to 1d provide more information on each of these 4 proposed programmes.

## Our Ambition

Our Growth Hub as a “game changer” will for the first time from mid-2014 provide a single front door through which businesses can easily access an appropriate business support ecosystem which will help to generate and support businesses helping many of them to meet their ambitions and for them to deliver business growth and new jobs.

It will provide an easy to navigate access point for all businesses (regardless of size, sector and stage of business formation so includes pre and start-ups) across our LEP to obtain advice and support making it easier for businesses to find appropriate support to meet their specific needs. It will encourage an enquiry flow through the system from initial contact and engagement, through to specific guidance and support (interventions) across a range of subject matters.

Of critical importance to its success is the buy-in and strengthened collaboration between different support agencies, business and membership bodies, to stimulate referrals and promotion of the support available in the area.

It is important that the Growth Hub gives businesses a technology solution with can be accesses via a web portal as well as through business apps using social media functionality (but hiding the wiring) to access the following help and support:

- A user friendly, streamlined and coordinated knowledge bank of businesses information (covering the national business support offer containing key information on government regulations and compliance, and tools such as incorporation, enrolment for tax and various pages of business information etc through the national .Gov web site). There would also be links to other local portals such as ‘Finditinbirmingham’, that provides details of the public sector as well as some private sector procurement opportunities. It would also contain details of the type of advice and support that is out there at both a national (Solutions for Business products) and at a local LEP level.
- Linked to the Skills for Growth Hub, we will bring together employers and training providers to better match training provision demand for skills. The Skills for Growth Hub is a “virtual” entity, connecting a number of discrete but associated activities, which link employers to sources of recruitment, training and skills provision within the LEP (and from other sources nationally) to help hire staff, and providing a gateway to opportunities for individuals seeking access to learning, jobs and skills.
- Basic diagnostic tools enabling businesses to identify what they need to do to become more efficient and to tackle barriers that are holding them back.
- The inclusion of a triage - business needs analysis (a headline understanding of a business’s needs but not a deep drive diagnostic) will further help specify the potential sources of support for them. This would for some businesses extend to a personal strategic relationships through a locally delivered engagement process.
- A common CRM system and database to capture business intelligence on local businesses, all business enquiries (at both a national and local level). This needs to be accessible by all delivery partners so that they can share, access and use knowledge across the partnership as an internal tool that improves their partner’s

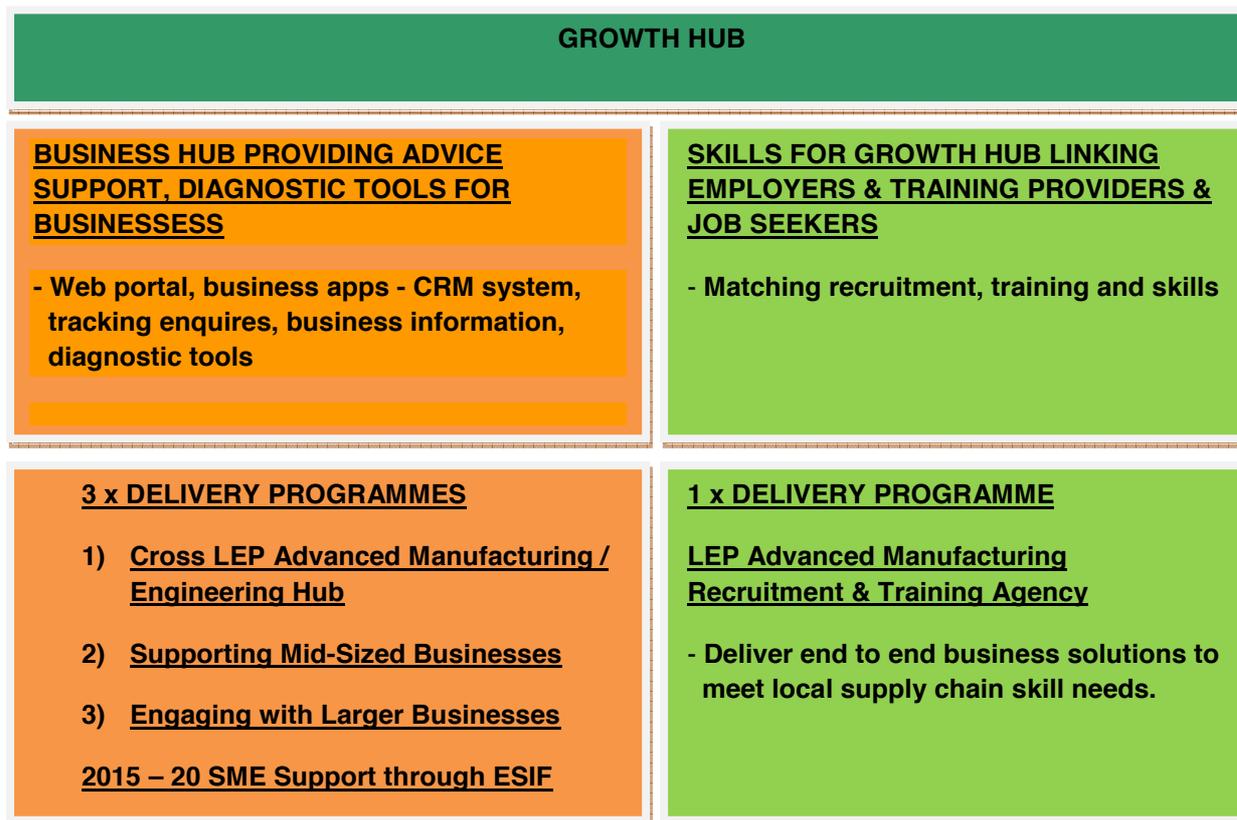
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internal capacity, knowledge and to provide help to businesses. This would also help to create a more effective business support environment.

It would be expected that the majority of routine enquiries would be satisfied through this providing a largely a self-service point of access or by directing businesses to the most appropriate information and support in a way that is most suited to their needs. It is our intention to ensure in delivering our Growth Hub we co-ordinate our activity with our neighbouring LEPs where we overlap.

In terms of governance we have already established a LEP Enterprise Board, comprising of senior private and public sector representatives The Board will lead on the strategic design and development of how we support businesses in our LEP through the SEP and ESIF and will have an oversight of the Growth Hub and its work through regular review and monitoring reports. There would also be a Programme Group reporting to the Board responsible for the operational delivery of the Growth Hub as well as of the 4 specific programmes (appendices 1a to 1d).

The diagram below shows a high level sematic of how the Growth Hub would look.



### Ask and Offer

This is an ask for revenue funding of £405,000 (a break down in the table below) in 2014 for the establishment of a Growth Hub for our LEP, it is expected that the ESIF from 2015 onwards will pick up other and further costs in the running of the Growth Hub. It is anticipated that there will be joint procurement or a standardised specification for a CRM system with the other cross LEPs which may result in lower cost. This may also be the case

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with costs relating to the design and build of the Hub Infrastructure and marketing and events where economics of scale should bring saving.

<b>Activity</b>	<b>Funding Period</b>	<b>Total £</b>
Purchase CRM system (pump priming funding in 2014 but covering operational period of 2014/20)	2014/15	95,000
Design and build Hub infrastructure - web site, systems etc (pump priming funding in 2014 covering primarily operational period of 2014/15)	2014/15	110,000
Staffing for delivery and maintenance of Hub infrastructure – 2 staff at £50k pa (pump priming funding in 2014).	2014/15	100,000
Marketing and hosting events (pump priming funding in 2014 covering primarily operational period of 2014/15)	2014/2015	100,000
<b>Total</b>		<b>405,000</b>

Full costing of Growth Hub and 4 Programmes (Appendices 1a to 1d) to be run through the Hub.

<b>Item</b>	<b>Activity</b>	<b>Direct Staffing</b>	<b>Marketing + Indirect staffing</b>	<b>Research</b>	<b>Other Costs</b>	<b>Total Costs</b>
<b>App 1</b>	<b>Growth Hub</b> For 2014-15 only ESIF to cover 2015-20	£0.1m	£0.1m	N/A	CRM - £0.095m Website - £0.11m	£0.405m (1 year only)
<b>App 1a</b>	<b>Cross LEP Advanced Manufacturing Engineering</b> For 2014-20	£0.9m	£0.55m	N/A	Website - £0.25m	£1.700m
<b>App 1b</b>	<b>Advanced Manufacturing Engineering Recruitment &amp; Training Agency</b>	£2.83m	N/A	N/A	N/A	£2.83m

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	For 3 years					
<b>App 1c</b>	<b>Medium Sized Businesses</b> For 2014-16	N/A	£0.2m	N/A	£0.6m	£0.8m
<b>App 1d</b>	<b>Large Indigenous Businesses Engagement</b> For 2014-20	£0.420m	£0.042m	£0.03m	£0.06m	£0.552m
<b>Total</b>						<b>£6.3m</b>

The Growth Hub will deliver the following:

- 10,000 businesses p.a. accessing information and tools
- 20% more take-up of national schemes
- 1,300 direct business engagement p.a.
- New CRM system with businesses having a single business account, comprehensive tracking of businesses and sharing of business information amongst delivery (local and national) partners and neighbouring LEPs.
- New web portal and business apps for support to business with jointed up interface to the virtual Skills for Growth Hub.
- Ensuring complexity for businesses located in the overlapping LEP areas is minimised by initially establishing a cross-LEP SLA setting out the LA District partners Growth Hub of choice with a longer term commitment to a more joined up cross LEP approach.

### Value for Money

This level of early funding for the Growth Hub would allow our LEP to synchronise, alongside neighbouring LEPs who are implementing Growth Hubs, thereby allowing a joined up approach for the design and procurement of CRM databases, web based systems, processes and documentation allowing common platforms and systems to be built now.

This cooperation and coordination with LEPs and delivery partners, including Birmingham Chambers of Commerce at this early stage will also help us to iron out issues surrounding interoperability and offers the potential to save procurement costs and longer term running costs of the Hub.

By allowing our LEP to offer a comparable Growth Hub some 1 year ahead of what could be achieved under the ESIF it accelerates the access and take-up of relevant services but also by a wider section of the business community and their associated economic output.

### Risk

The risk is that without this funding our LEP, which has been working on the design and development of our Growth Hub having built up a good head of stream on the delivery of this real “game changer”, will not be able to deliver this Growth Hub until 2015.

This will result in a major delay in a Growth Hub for our LEP and may be seen by many businesses, just as they are becoming more confident and wanting to grow and create jobs,

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as our LEP not supporting businesses. This could lead to reputational damage to the LEP and it losing credibility amongst the business community seeing it as just another talking shop.

There is also the added risk of it being seen as just for small businesses and not offering much to help the wider businesses community that includes medium-size and larger businesses.

## **1A - Business Case for Delivery Programme - Cross LEP Advanced Manufacturing & Engineering (AME) Growth Hub**

### **Introduction**

The Midlands and the West Midlands in particular is England's manufacturing heartland, 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 (Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull & Stoke-on-Trent & Staffordshire) accounting for 1 in 8 of all of manufacturing jobs in England.

These LEPs are at the centre of one of England's biggest interconnected and interdependent manufacturing supply chain clusters covering a spectrum of different manufacturing and engineering sectors associated support services supplying internationally renowned producers. In particular, the automotive and aerospace supply chains are a dominate and concentrated feature of this manufacturing landscape.

The Midlands aerospace supply chain is made up of some 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 (predominately the 4 LEPs of Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull & Stoke-on-Trent & Staffordshire) makes up just over 60% of this Midlands based cluster which 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. The other aerospace 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 made up of many high-technology manufacturing supply chain companies (such as JLR, Goodyear Dunlop, GKN Driveline, Sertec, Brose, Webasto etc) and institutions consisting of some 500 companies employing some 80,400 largely high skilled well paid technology and manufacturing jobs. This represents 30% of the total number of jobs in England across the automotive supply chain with these 4 LEP areas accounting for about 70% of these businesses and employment.

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 / benefit occurs where the scale and concentration of economic activities provide wide and deep specialisations, together with the rapid transmission of ideas and know-how. This is very important for this growing manufacturing supply chain as it has a disproportional multiplier impact on the area's performance and economic growth.

A greater level of support to this manufacturing and engineering cluster will allow businesses to derive yet greater competitive / productive benefits from locating here forming and gaining from locational advantages such as access to a pool of skills and talent, specialised supplies, networks, research and expertise etc.

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Against the backdrop of the renaissance of manufacturing and businesses increasingly reshoring manufacturing capacity back to the England there is now a real opportunity to gain significant levels of additional economic growth and new jobs for the West Midlands. However, the advanced manufacturing & engineering (AME) supply chain is very disparate across these 4 key LEP areas lacking cohesion and a coordinated and coherent support structure that can help to maximise the inherent and increasing growth opportunities for such local businesses.

An approach on focusing in on the growth of AME has been at the heart of the Advanced Manufacturing Supply Chain Initiative (AMSCI) which has received £245m from Regional Growth Funds to provide specific funding packages to help develop this supply chain. Birmingham City Council has been the accountable body for AMSCI which has a regional (West Midlands and Liverpool City region) component (£25m) as well as a national one (£220m). This funding programme has been perceived to have been very successful and well received by businesses in the market place and by government.

### **Our Ambition**

Given the size of the cross LEP AME supply chain and the specific nature of many opportunities in manufacturing and across the automotive and aerospace supply chains there is a need for a dedicated (AME) Growth Hub covering at least the 3 LEP areas of Black Country, Coventry & Warwickshire & Greater Birmingham & Solihull with the possibility of Stoke-on-Trent & Staffordshire also being included.

This cross LEP AME Growth Hub would operate in addition to those proposed LEP based growth hubs that provide generic business support to businesses. It would use a number of the key tools that would be provided by the LEP Growth Hub (such as the CRM and systems infrastructure). It would also build on the concepts of how a growth hub model works (web based, single access point, comprehensive information bank and diagnostic tool, easy to access and use etc.). However, it would be complementary by developing a much greater local capacity delivering a bespoke signposting and support service to a much greater depth to meet local priorities across the AME supply chain.

The cross LEP AME Growth Hub also recognises that these AME supply chains do not stop at LEP boundaries, and nor do the universities and research centres which work with this supply chain. By creating support services that cross LEP borders wherever it makes sense, a multi-LEP approach should enable a more comprehensive and efficient suite of support and a better utilisation of the area's business growth support, knowledge and innovation assets.

The AME Growth Hub would provide the following:

1. A user friendly, streamlined and coordinated additional knowledge bank of detailed businesses information specifically for the AME supply chain. There would also be links to other local specialist providers, research and educational centres as well as with other local businesses to provide a local trading platform to provide sales opportunities. It would also contain details of the type of advice and support (including funding) that is out there at both a national (Solutions for Business products) and across a local LEP level.
2. Advice and support to improve the competitiveness and growth of businesses across our AME supply chains. This would involve the following 3 components:
  - 2.1 Raise the awareness of AME supply chain opportunities (e.g. by linking businesses up with OEMs)

A collaborative cross LEP AME programme would increase business awareness and ability to access supply chain opportunities across the Midlands. This would include providing better networking opportunities, offering businesses the chance to hear from senior figures in OEMs and / or providing them with a clearer understanding of the standards required to win business from OEMs. It would also include peer-to-peer learning and a sector-specific programme consisting of workshops that would explore future industry trends. Input would be provided by technical and product specialists from key players in the respective supply chains.

These events would also cover areas such as access to finance, business development, growth by building productive and innovative systems and leadership and management skills covering organisational change, strategy development etc. The focus would be on stretching thinking, exploring potential and helping businesses to learn how to grow. This would lead to business diagnosis and action planning so that participating businesses can themselves better understand what their barriers to growth are, how they can be overcome and how to come up with a resulting realistic action plan.

Hosting links to manufacturing procurement sites and trading platforms

### 2.2 Helping supply chain businesses utilise existing support services and knowledge assets (e.g. MAS MIRA, MTC, WMG)

The West Midlands already has a range of manufacturing focused support services and assets. This type of collaborative programme could help build on these assets / services by channelling additional investment towards them. It would also increase utilisation and impact by raising awareness. For example, a cross LEP approach would help channel additional investment towards AMSCI or MAS and / or tailored support services designed to help businesses access these schemes.

Similarly, local universities and research centres – including the MTC Catapult – have programmes to work with businesses and this approach would help to ensure business take up of this type of support. A cross LEP approach would help deal with this challenge by making more businesses aware of the benefits of collaborating with local knowledge assets and providing appropriate incentives for them to engage, all while taking advantage of the economies of scale arising from a more collaborative approach. A shared approach will enable dedicated resource to help create links between companies and knowledge and innovation assets.

### 2.3 Take manufacturing businesses onto the global stage

A collaborative programme would also be used to help AME supply chain firms acquire a more global outlook. For example, a partnership approach will make it easier and cheaper to provide bespoke export advice for key parts of the AME supply chain or fund trade missions to the target markets most relevant to local manufacturing businesses.

### 3. To work towards a shared business plan for AME to develop specific products and share expertise.

Across the West Midlands we have over 18 HEI's, government agencies, business membership networks and local authority Economic Development Departments.

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Expertise rarely sits in just one organisation and so we could develop a network of expertise across the 3-4 LEPs to ensure our businesses have the best advice and guidance, regardless of the geography of that provider. Cross LEP working will also provide an opportunity to introduce new schemes while sharing costs and increasing the chances of success. New schemes might include:

- AME innovation vouchers and incentives to engage in R&D and innovation for the first time, where greater geographic coverage may widen the offer available to companies.
  - Access to dedicated account management, finance support or capital grants to address barriers holding back firms' expansion
  - Management and leadership skills development for firms with the potential to grow.
  - Supply chain development schemes, with standards, accreditation and training to help businesses enter new supply chains.
4. The inclusion of a triage - business needs analysis (a headline understanding of a business's needs but not a deep drive diagnostic) will further help specify the potential sources of support for them. This would for some businesses extend to a personal strategic relationships through a locally delivered engagement process.

This cross LEP AGM Hub would 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 share and promote events across the LEPs.

These services and support could build upon the referral from the AME Growth Hub, using staff based within the AME Growth Hub as well as through the ESIF Strategy. They would work with companies to work up initial ideas of how the company could become more competitive and achieve growth. This could range from further signposting, business planning, diagnostics of company needs, business case preparation, funding bids etc. This will be linked to grant support to enable exploitation of the paths to growth flowing from the support.

### Ask and Offer

This is an ask for revenue funding of £1,5m (a break down is provided in the table below) in 2014 for the establishment of an AME Growth Hub and for Y2-5 for its running costs. It is expected that the ESIF from 2015 onwards would provide additional funding as part of the general support to businesses.

Activity	Funding Period	Total £
Design and build additional web site information and trading platforms in our LEP. £100k matched by JISC	2014/20	250,000
Staffing for triage (business needs analysis for our LEP) 3 staff at £50,000 pa	2014/20	900,000
Marketing and hosting networking events including a staff member	2014/20	550,000

<b>Total</b>	<b>1,700,000</b>
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It is anticipated that there will be joint procurement or a standardised specification for a CRM system to be used in the AME Growth Hub (costs are covered within the business case for the LEP Growth Hub). It is expected that the costs relating to the design and build of the Hub Infrastructure will overlap with the work of the other LEPs and that this and the cost of marketing and events can be reduced, subject to the agreement with the other LEPs, taking account of sharing the costs of such activity across the LEPs and economics of scale. The other LEPs in the cross LEP Growth Hub would still be expected to pick up their costs relating to the set up and running of the Hub.

The Growth Hub will deliver the following:

- 5,000 businesses p.a. accessing AME information and tools
- 20% more take-up of national AME schemes
  - 200 companies becoming new exporters
  - 250 companies introducing new products and processes
- 300 direct business engagement p.a.
- 200 companies become new suppliers to AME OEMs
- Companies win £500m worth of new and additional sales from AEM OEMs
- 1,200 new jobs created
- New web portal and business apps for support to business with jointed up interface to the virtual Skills for AME Growth Hub.

### **Value for Money**

This level of early and continued funding for the AME Growth Hub would allow our LEP to synchronise, alongside neighbouring LEPs who are implementing Growth Hubs for the AME supply chain, thereby allowing a joint up approach for the design and procurement of CRM databases, web based systems, processes and documentation allowing common platforms and systems to be built now.

Across the 3- 4 LEP there are a number of HEI's, government agencies, business membership networks and local authority Economic Development Departments. This AME Growth Hub would allow a much more joined up approach by developing a network of expertise across the 3-4 LEPs to ensure our AME supply chain has the best advice and guidance, regardless of the geography of that provider. This approach would introduce efficiencies reduce duplication and delivery costs.

Cross LEP working will also provide an opportunity to introduce a much more efficient and coordinated new schemes of support to the AME supply chain which would be more cost effective with an increased chance of success.

### **Risk**

The risk is that without this funding our AME supply chain will not be able to be supported in such a way that allows local businesses to maximise the growth opportunities and job creation potential that already exist and which is growing.

That our local OEMs will not be able to place increased work into the local economy, as the local supply chain does not have the capability or the capacity which will lead to increased

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imports and an increased potential that our AME supply chain as a whole will suffer and start to decline against increased competition from overseas.

## **1B - Business Case for GBSLEP AME Supply Chain Business Programme Proposals**

### **Introduction**

There are well-documented issues affecting the flow of skilled labour in our LEP area including specific shortages of particular skills – this includes the need to upskill the existing workforce many of whom are aged 24 or above and therefore no longer eligible for direct government funding. Equally, the reduced skills funding available for employers with over 250 employees has led to lower levels of investment locally than are required to increase economic competitiveness and growth. While we fully recognise national skills funding policy and support the principle that large employers fund the specific training they require, we also recognise that the failure of those employers to do so is restraining local productivity. This is particularly the case within our priority growth sectors, including Advanced Manufacturing and Engineering (AME).

The issues from an AME employer perspective are clear:

- There are not enough work-ready individuals coming through to apply for jobs in AME sector
- There are key skills shortages, specifically team leading, supervisory, technical
- There is not sufficient capacity or skills investment within supply chains to meet increasing demand
- There is a particular need for technical skills in areas like Total Productive maintenance, Robotics, CCM
- There is a need to train the trainers – to build capacity within the system
- More innovative ways of delivering training could be explored through the use of technology. By looking at the skills outcome, rather than the qualification, students working on different units, or at different levels which address similar skills needs could work alongside each other in the same classroom with the same tutor
- Space for training on manufacturing sites is severely limited, so alternative options would need to be considered
- Training for equipment used by the majority of the supply chain could be delivered by a provider other than the manufacturer.

Some employers are still averse to investing in skills due to the fragile economic environment. SMEs in particular are not spending money on training, and this is having a knock on effect within the supply chain industry, both in terms of recruitment and up skilling of their existing workforce.

Funded qualifications do not always meet the needs of employers, for example, employers such as BMW cannot always afford for track workers to complete a full Business Improvement Techniques (BIT) qualification, as a large part of it is classroom based and this proves costly when trying to backfill the track positions. Employers feel that the BIT light option devalues the full Level 2, so they would prefer to opt for a short tailored course that does not result in a qualification.

Ultimately employers want to see a return on investment – this does not always mean that they want their staff to achieve qualifications. There is a real need to be able to demonstrate the bottom-line benefits of this training to employers to encourage future investment. The innovation code, while its objectives were right, is too cumbersome. Funding can only be given under the Code for qualifications that can be linked to the QCF. In practice, it is an instrument to help colleges develop qualifications with employers, which goes against the

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original intention of responding to the specific needs of the local economy and its communities.

Many large, medium and small employers would welcome a greater focus on funding higher level qualifications, as this is a critical lever for business and economic growth. A number of employers, both large and SME require Level 3 + qualifications and a percentage of the workforce to gain qualifications at degree level. Whilst this may be affordable for large employers, it is not currently affordable for SMEs.

### **Our Ambition**

Our LEP is keen to provide a leadership role in supporting businesses and communities to prosper. As the region attracts and grows more companies it is critical that we are in a position to respond positively and pro-actively to these opportunities - meeting employer needs, but also enabling our local communities to access the new jobs that are created. We can't always predict the volumes and breadth of skills needed but we can develop a more responsive and agile skills infrastructure that is able to deliver integrated and high quality skills solutions to current and future skills needs.

Each year, Further Education (FE) colleges in our LEP area deliver education and training to over a quarter of a million young people and adults. Our ambition is to ensure that these newly trained and skilled individuals are then suitably referred and progressed on to the exciting new job opportunities that this region has available – meeting the needs of employers and delivering sustainable economic growth.

The LEP is keen to use the opportunity afforded by JLR's investment in the region to enhance the current skills infrastructure, developing and integrating delivery so that the FE sector is better able to respond collectively to meet the future skills challenge.

We are therefore proposing the creation of a dedicated Advanced Manufacturing Recruitment and Training Agency as an integral part of the Growth Hub, which will deliver end-to-end business solutions to meet local supply chain skill needs.

We intend to create a culture change amongst employers, particularly SMEs whereby they recognise the bottom-line benefits to their business of skills development and are making a long-term investment in training and workforce improvement. This would be achieved through rigorous employer engagement, the delivery of skills diagnostics and a comprehensive business improvement programme that supports employers through the entire business cycle, from business planning, resource management and workforce development.

During the recession, many manufacturers were forced to shrink their staffing, either through redundancy or by being put on short time, and this includes more senior and experienced employees. The industry believes that there are particular shortages in the areas of automation, robotics, PLC control, and high accuracy machining, creating opportunities for those who do have the appropriate skills. Apprenticeships are one potential solution to this skills shortage, but the industry has to date been quite slow in taking up this initiative.

Despite recent economic difficulties, our LEP still has a number of very large manufacturers, such as Jaguar Land Rover, which help to encourage innovation in their local supply chains. In 2010, SEMTA identified Birmingham as the English local authority with the largest number of firms involved in 'leading edge technology sectors' (Electronics, Marine, Aerospace and other engineering activities).

## Appendix J – Game-changers and Freedoms

Our LEP and the colleges within the FE Consortium have close links with a number of OEMs and Tier 1 suppliers who are willing to work with us to provide access to their supply chains.

SEMTA has recently carried out training needs analysis of JLR's supply chain, and in a presentation to providers in December 2013, stated that, according to the feedback from JLR suppliers: -

- Funding was not flowing where it was needed especially at Level 3
- There is a complex skills market – businesses do not want “training done to us”
- Funding is limited and does not always match specific needs
- Due to production demands staff cannot always be released for training

There is a strong likelihood that these findings are reflected across the sector and within other sectors too, based on the survey information carried out on behalf of the UKCES and presented in the Working Futures 2010-2020 sectoral report.

The Recruitment and Training Agency would provide opportunities for fast-tracking technical training for individuals who may not have the existing skills, but do have the aptitude to work in the AME sector. According to The Skills Commission's Technicians and Progression Report, “larger employers have a key role in developing training schemes that support their supply chains and the recruitment needs of smaller employers”. Supporting more level 3 training in the workplace would target a key barrier to growth. Upskilling the existing workforce, including targeting of employees to raise their skill levels to Level 3 and above would provide appropriate talent management to identify the future team leaders and rising stars for priority sectors, such as AME. This would support economic growth by upskilling the unemployed and linking to existing programmes to identify those who are able to progress to level 2 and, where possible, level 3 vacancies.

### **Ask and Offer**

The GBSLEP recognises the need to engage employers of all sizes in training and skills development in order to increase economic competitiveness, grow the number of jobs and attract more employers to the area.

We support the principle that where possible, employers should invest in developing the skills of the workforce.

We propose a sliding-scale of public investment in skills development, by increasing employer engagement and demonstrating the bottom-line benefits to skills investment, so that private sector funds can ultimately be leveraged more effectively and the culture of dependency on public support for training is removed.

This proposal would also establish a permanent mechanism by which employer skills and workforce needs can be identified and addressed, thereby increasing business engagement, embedding the private sector in the local area and fostering private sector investment locally.

Recognising the need to offer support across the AME supply chain, we intend to pilot this within our LEP area for the first year, with a view to securing additional funding to work with LEP partners in the Black Country and Coventry and Warwickshire to roll it out as a joint project across the three LEP areas. Initial discussions with neighbouring LEPs have taken place to that effect.

The AME Sector represents a sizeable proportion of Birmingham's economy alone:

## Appendix J – Game-changers and Freedoms

- There were 768 firms in the sector in 2010: one per cent of the city’s business base, and an increase of four per cent since 2005 (at a time when firm numbers shrank by four per cent in the UK as a whole)
- The majority are small firms (84 per cent employ fewer than ten employees), which is similar to the sector picture across the UK
- Sector employment stands at 18,977 employees: four per cent of the city’s workforce. Compared to other industries in Birmingham, the average number of employees per firm in this sector is high - 25 per firm in 2010, compared to seven for the city economy as a whole - and higher than for the UK sector as a whole (21)
- Seven per cent of the firms in the sector are foreign-owned
- The Gross Value Added (GVA) from the sector is £604m.

The Agency will provide:

- Supply chain engagement – driving up demand for training and business investment in skills.
- A programme of skills diagnostics targeted at SMEs – to enable employers to identify the training and development they need to improve their business competitiveness. This comprehensive support (supply chain engagement and triage/diagnostics) will be delivered by the AME Growth Hub, which will provide signposting/referrals to the Recruitment and Training Agency and additional support through a specialist AME skills adviser where required.
- An online marketplace – where employers can source the best training available. This would be matched by £100,000 JISC funding. We anticipate 600 employers involved in online interventions. This would be incorporated within the new web portal and skills interface developed by for the GBSLEP Growth Hub.
- Just-in-time training and recruitment – where SMEs have access to a pool of skilled and job ready recruits.
- Support for young people and adults leaving engineering related training – matching them to local job opportunities as they emerge. Will we place 600 people into AME supply chain opportunities.
- Support for unemployed people – linking employability and related vocational training to the skills needs of employers and providing a fast-track service into local employment. We will deliver employability support and training to 450 people.
- A programme of support for SMEs to encourage them to take on Traineeships and Apprenticeships – including wage subsidies and short-term loans. We will deliver 600 additional apprenticeships and 600 additional traineeships over three years.
- Bespoke training – maximising current flexibilities to meet employer skills needs. We are proposing a bespoke training fund for non-mandatory training that cannot currently be funded. This would be used in conjunction with other programme providers to enhance existing schemes as well as develop grant programmes and co-funded training leveraging support from FE, private training providers and the Growth Hub Enterprise Board partners such as MAS and the EEF. This fund would underpin the GBSLEP ESIF strategy and used as match. This will fund 1,500 bespoke training interventions to the AME sector.
- Support for targeted work with schools, colleges and universities to improve the awareness and interest of careers in Advanced Manufacturing and Engineering.

Indicative Project Costs Over 3 Years:

Activity	Cost
Supply Chain Engagement, employer events and marketing	costs included and activity delivered through GBSLEP Growth Hub and AME programme

## Appendix J – Game-changers and Freedoms

	(see separate businesses cases)
Skills Diagnostics, Diagnostics/Action Plan, Coaching/mentoring, Workshops, Networking, Overhead Cost, Project Management, Staff, Marketing, Premises, CRM,	costs included and activity delivered through the AME Growth Hub programme.
Online Marketplace Software development	costs included and activity delivered through the CRM/Signposting system developed by the Growth Hub and AME programme.
Advanced Manufacturing Recruitment and Training Agency, (Just-in-time training) Specialist AME Skills support Wage subsidy for an extended period of 8 weeks to support 200 Apprentices per year at £150 per engagement.  Overhead costs to include running costs, rent.  Staffing costs, Student support costs Advanced Manufacturing/engineering related training:  <ul style="list-style-type: none"> <li>- pipeline of people in the system</li> <li>- Employability Training</li> <li>- Electronic Profile System</li> <li>- (Talent Bank) to provide matching/recruitment service</li> <li>- Support staff to provide careers advice</li> </ul>	£2,159,500
Flexible Bespoke Training fund	£675,000
<b>Total Cost</b>	<b>£2,834,500*</b>

**\* Programme costs will be matched by skills providers drawing down their existing funding sources – including the Adult Skills Budget, 16-18 EFA funding, Employer Ownership Scheme, JISC and ESF funding. It is anticipated that this will provide a 50% match.**

### Value for Money

We see substantial value for money in this proposal as it would establish the foundations upon which the AME sector could be supported and compelled to invest and grow locally. In particular it will:

- Capitalise on the opportunities created by the growth and investment locally of the AME sector.

## Appendix J – Game-changers and Freedoms

- Ensure local people are appropriately skilled to take advantage of imminent and future employment opportunities across the AME sector.
- Respond directly to the specific skills needs of the AME supply chain.
- Upskill the AME supply chain, leading to increased GVA and competitiveness within the industry.
- Secure private sector buy-in to investment in skills development, thereby ultimately reducing dependency on public funding.
- Support inward investment by attracting AME supply chain firms from overseas due to high level of engagement and skilled talent pool.

### **Risk**

- Employers in the AME sector may leave the area, or even relocate overseas where the talent pool and skills system is more flexible and responsive to their needs.
- We will see a ‘race to the bottom’ created by long-term lack of investment in skills and training by employers. Our businesses and workforce will both suffer.
- Local people will not benefit from job opportunities created by AME supply chain.
- Talented individuals with the right aptitude for working in AME could be lost to the sector.
- Fostering a dependency culture in relation to training, where employers only participate in funded training and the business benefits of investing in skills are not recognised.

## **1C - Business Case for a Pilot GBS LEP Medium-Sized Business (MSB) Programme**

### **Introduction**

Germany's Mittelstand, its many small and medium-sized manufacturing companies with a formidable record of export-driven achievement, is an object of wonder to policy-makers in other countries. However, these Mid-sized businesses (MSBs) have often been ignored in UK policy development but represent around a third of all private sector employment and value added. Tentative developments in mid-market policy were made in the BIS Growth Review (Nov 2011) but as we seek to maximise the UK's growth potential are there other things we can do to promote mid-market growth? Following the BIS Growth Review the GBS LEP agreed to become one of ten national MSB pathfinder pilots and began to explore and understand the economic impact that MSBs have on the GBS LEP area and the barriers they face.

GBS LEP established a pathfinder task force to review national trends and issues and look at our own situation in more detail. Their conclusion was that there are a range of world class performers but that overall (MSBs) remain isolated and unsupported. There is significant potential for growth but MSBs need to be fully engaged in shaping and delivering such a programme. It needs to be long term. The heart of sustainable MSB growth is to change organisational culture and capacity – change must be deep-seated and challenging – leading to raised productivity, effectiveness, innovation, and export capacity.

MSBs are defined by BIS as those with an annual turnover between £25m and £500m. In 2010 there were 262 MSBs registered in the GBS LEP area employing 122,538 people, 24% of the total employment of all businesses located in the LEP. This share is almost identical to that observed in the UK as a whole (9,377 MSBs in 2010). In the wider West Midlands they provide about 30% of our employment and are key contributors to the economy. GE Capital research reports that 69% of MSB suppliers are local or domestic – this is much higher than in other countries and shows the importance of MSB's to the local economy.

In fact, GE Capital Research in 2012 stated "If the UK mid-market had kept up with the German mid-market growth from 2009 to today it would have created an extra €46bn of sales for UK firms and 241,000 UK jobs." We are also aware that there is considerable export potential – only 17% of MSB revenue comes from outside the EU and only 15% of firms have grown their revenue from China in the past five years compared with 25% of German firms. What is clearly evident is that MSBs account for a significant share of economic activity and any improvement in performance would be positive for UK GDP growth.

More recently Grant Thornton held a series of *Agents of Growth* summits that have brought together MSB leaders to discuss their strategies for growth, as well understanding their perceived barriers to growth. The events, combined with in-depth research, has helped form a series of recommendations to leaders in government and medium-sized businesses which could help the UK's MSBs to emulate the successful German Mittelstand and significantly boost growth.

Yet the Mittelstand cocktail in Germany is complex. Some ingredients – apprenticeships, strong academic links and government support for R&D - are reasonably clear, and policies are in place to try to strengthen these in the UK industrial scene. But some of the most important elements are philosophical and behavioural, rooted in governance and reward structures. It is that observation that underpins this proposal.

## Our Ambition

The GBS LEP pathfinder concluded that local MSBs demonstrate considerable untapped potential. The challenge that we have faced in the last 2 years has been to undertake effective engagement with MSBs in the GBS LEP. Other organisations in the LEP area, including key organisations such as UKTI and CBI as well as BIS also report this. Inevitably this leads to a reduced “stake” in LEP strategy and a low awareness of the opportunities and challenges the GBS LEP’s growth strategy and investments can provide for MSBs.

GBS LEP has, therefore, decided to develop a pilot action with Business Schools in Birmingham (Aston and Birmingham) to develop a growth offer for the senior management teams (SMTs) of MSBs in the LEP area. This offer will be delivered with other business support organisations to develop a strong and credible growth offer. The newly established LEP led Business Enterprise Board provides an indication of the partners that can be included in delivering aspects of this growth offer in collaboration with the Business Schools. The Enterprise Board includes senior representatives from a wide variety of organisations including the Chambers of Commerce, Marketing Birmingham, Business Schools, Federation of Small Businesses, Birmingham Professional Services, CBI, EEF, MAS, LEP local authority representatives, Birmingham Science Park, college representatives, UKTI and BIS local amongst other representatives, all of whom have made a commitment to LEP-wide collaborative working.

However, the challenge for such a MSB growth programme is getting them involved. We have recognised this issue and Aston Business School have been in discussions with RBS in Birmingham who see such an offer as crucial to the development of the MSBs in their client base. The motivation for the RBS to initiate these discussions was based on a need to provide a bespoke offer to their MSB customers which is centred on enhancing the strategic leadership capacity of these businesses.

Therefore, with an agreement in principle in place with RBS, we propose, in the first instance, to run this MSB growth offer for a small group of ~15 MSBs who bank with the RBS. These businesses will be carefully selected by RBS to ensure they are motivated and ambitious to participate in a challenging programme which will change the future direction of their business. This is an obvious way to address the challenge of engagement and demonstrate outcomes and impact for the participating businesses to other MSBs in the GBS LEP area.

## MSB Growth Programme

The offer will consist of several elements to provide a tailored package of support to the senior management teams of participating MSBs (~3-4 per businesses) in the broad area of **‘strategic leadership’** that will seek to involve all the relevant agencies in the LEP area.

These elements include:

1. Diagnostic and Needs Assessment (DNA)
2. Strategic Leadership Support (SLS)
3. Wrap-Around Support (WAS)

### **Diagnostic and Needs Assessment (DNA)**

The initial phase of the programme will be to undertake detailed reviews on a company by company basis looking at their strengths, current and potential markets, aspirations and short, medium and long term growth plans. There will also be an assessment of the leadership capacity and competencies in the business. These reviews will be undertaken by a variety of individuals (Faculty and External Experts) who are experienced in delivering comprehensive and successful growth strategies for larger businesses.

These reviews will be undertaken in partnership with the MSBs business boards or executive team to deliver a clear buy in, endorsement and commitment to a forward-looking action plan for restructuring and growth. This phase of the programme will last approximately 4-6 weeks.

### **Strategic Leadership Support (SLS)**

The focus of the SLS element of the MSB Growth programme will be to catalyse and accelerate growth above and beyond what would have been achieved. There will be three broad themes covered in the programme: **leadership development; sales and marketing and finance**. Under each of these themes the following topics will be addressed through a variety of learning methods: business models for growth; management for growth; raising organisational and leadership strength; operations for growth; building a management team and board structure; decision-making; customers and competitors; sales channels; exports; building a brand; negotiation in global markets; financial strategy; raising finance; financial networks; world class benchmarking; building an innovation culture and succession planning. This would be a flexible programme run by a local Business Schools with support from relevant organisations such as UKTI, CBI or others as relevant to topic theme.

This element of the programme would be spread over 4 months and would involve 10 half-day sessions in total – some of which may be optional depending on demand. At the end of the programme the MSB will agree a five year change programme to strengthen the organisation through clear and aspirational, business goals, capacity building and talent management, and organisation effectiveness.

### **Wrap-around Support (WAS)**

Bringing together the wide array of support that is already available across the city-region we will look to provide a 'wrap around' offer of support to address other issues as they arise. This will include workshops and events to present research, best practice, case studies and raise companies' aspirations. They will also include input and challenge from larger businesses on what they require from their supply chain. It is anticipated that there would be up to 10 sessions organised in this component of the programme.

We will work with the two leading Business Schools in Birmingham to further understand the needs of our MSBs, utilising the expertise of the Enterprise Research Centre (co-hosted at Aston and Warwick Business Schools and involving Birmingham Business School) which will provide opportunities for GBS LEP activity to be informed by the latest action-research in this area.

Through the GBS LEP Enterprise Board we will look to 'share' case studies and make connections for our local MSBs. We will utilise the GBSLEP website/growth hub to develop MSB case studies, research, challenges and debates. We will develop a specific campaign to celebrate local success and growth and promote the role of MSBs.

## GBS LEP Ask

Our focus is on sustainable long-term growth - to be successful this sort of programme needs to be developed over several years, but in the first instance we set out the costs for the initial pilot programme which will last from June to October 2014 . The table below provides a breakdown of activities and associated costs.

Therefore, the GBS LEP is seeking revenue to the value of **£257,500** to support the delivery of this programme in year one (June to October 2014). Subject to further discussions we will be seeking a contribution from each of the participating businesses (approx. £5,000 per business £75,000 in total) and we are in discussion with RBS regarding their contribution.

If successful we will be looking to roll out a further 2 programmes, 1 per year for 2015 and 2016. The programme for 2014 to 2016 would therefore total **£800,000**, including programme evaluation costs.

Activity 2014	Resource Requirement	Cost
Diagnostic and Needs Analysis (DNA)	5 days of in-depth DNA for each of the 15 participating businesses in the Pilot with RBS: £1,200 per day	£90,000
Strategic Leadership Support (SLS)	10 sessions for 15 businesses (~45-50 senior managers) @£10,000 per session	£100,000
Wrap-around Support (WAS)	10 workshops, events, masterclasses for 15 businesses and their SMT @ £4,500 per session	£45,000
Programme Management and Administration	P-T Manager post at £34,000 per annum (FEC =£45,000)	£22,500
<b>Total Cost of Programme</b>		<b>£257,500</b>

Activity 2015/16	Resource Requirement	Costs
Run two further programmes	All costs as detailed above	(257,500 bf) £515,000
Programme evaluation	Evaluation and review initial pilot and full programme evaluation.	£27,500
<b>Total Costs 2014 - 2016</b>		<b>£800,000</b>

## Outcomes and Impact

Through this targeted intervention and support offer the GBS LEP will look to enhance the growth potential of the participating MSBs and this can be measured through the following metrics:

## Appendix J – Game-changers and Freedoms

Key areas of impact to be monitored going forward (up to 5 years):

- Export growth (market penetration; revenue from exports; joint ventures)
- Increased productivity
- Increased R&D and innovation and new product development
- Increased profitability
- Increased job creation

Direct engagement with MSBs will strengthen their contribution to the long-term economic and employment goals of the LEP. We want to support and enable MSBs to contribute 25% of our economic growth targets - £2bn – and make a strong indirect contribution through their support to large companies and their strong purchasing approach with SMEs. We want MSBs to contribute 25,000 new jobs to the LEP's employment growth aspirations. These are major economic goals. This programme is a first step to achieve these overarching objectives.

## **1D - Business Case for a GBSLEP Major Indigenous Businesses Programme**

### **Introduction**

It has been recognised at both a central and local level that there are significant economic benefits to be gained, for both the company and the locality, from a co-ordinated contact programme with major indigenous companies which may be large employers or smaller local operations of much larger overseas based major employer which may be using a local facility as a springboard to a much larger future investment.

Whilst we are aware, as with other business support activities in the LEP area, that there is engagement taking place at various levels with these organisations we lack a sufficiently coherent and co-ordinated approach for company contact activities across the Greater Birmingham and wider cross LEP area.

Currently company contact is not sufficiently proactive and only a limited number of relationships with important indigenous companies have been developed. Company contact information is not being recorded or passed on to other relevant partners and as such opportunities are being lost for GBSLEP and wider stakeholders to offer their full range of services.

### **Our Ambition**

The GBS LEP is proposing to establish a company contact programme on the basis of “account management”, focusing on strategic contact by a designated person with a specific company.

We will develop a list of specific indigenous companies whereby according to size and status, propensity to expand (in a growth sector/recently acquired) or under potential threat of closure (in a declining economic sector) these could form the basis of the proactive company contact programme. The list would be prepared in liaison across the GBSLEP area companies, Local Authority Partners and other stakeholders. This programme will need to be closely aligned to the Advance Manufacturing and Medium Sized Business Programme and would look to enhance these programmes.

A senior representative would be identified as the designated contact person. This individual will need to be:

- Of a senior level in order to build a strong relationship with the company;
- Have specific geographical or sectoral knowledge, to ensure they would understand issues that could affect the Company;
- Be able to develop a strong personal relationship with the Company. The designated person who would act as a direct source of advice and support in helping to deal with current and future strategic issues. As part of building their relationship they would consider a programme of activity such as inviting the companies to informal events, dinners, award ceremonies etc.

In particular, they would be expected to undertake the following roles:

## Appendix J – Game-changers and Freedoms

- Establish and develop relationships with all key GBSLEP stakeholders and partners such as Local Authorities at different functional and operational levels so as to offer advice and solutions to various business issues as and when they occur including briefing companies on what may be planned to happen in their locations or industry (e.g. regeneration, sectors support etc).
- Make companies aware of the full range of services that are available to them or sign-post them to other sources of assistance.
- Work with Marketing Birmingham to help companies who are new investors to the area feel welcome and integrated into the local business environment.
- Follow up actions and inform other relevant Partners of important information on a company's intentions.
- Record details of activities and outcome of company contact programme. The newly established LEP led Business Enterprise Board would be the vehicle for this and through the proposed Growth Hub CRM system would have a system in place for sharing this information.
- It is also important that some form of contact takes place with those indigenous companies in the GBSLEP area that would not be “account managed”. They should be contacted by other means on a regular basis, such as newsletters and e-bulletins and be involved in sector and area initiatives, to ensure that they are made aware of the various services and help that can be offered to them and initiatives that may impact on them.
- Propose to establish a “Chamberlain Club” whereby these businesses are seen to be part of an elite club of Great GBS LEP Businesses.

A full research and mapping activity will need to be commissioned, again aligned to other activities that will be put in place to support the growth hub and other programmes to ensure the most cost effective processes. This will include building up a knowledge base on each company and will be an ongoing process.

### **Ask and Offer**

The GBS LEP is seeking to develop a company contact programme with its major local indigenous businesses. We recognise that this programme needs to be closely aligned to the growth hub, the LEP led Business Enterprise Board and other LEP programmes that are being developed, through our proposed CRM systems we will be able to achieve this alignment and believe that significant benefits that can be achieved through this simple contact programme.

In order to progress this ask the GBS LEP seeks revenue funding to support the research and mapping activity, the appointment of a dedicated engagement officer, events, marketing, PR and associated costs. It is our intention to align these proposals and funding requests with other business growth programmes where revenue is being sought but would seek specific revenue funding to a full time support post for a 6 year period to the value of £420k. Further support costs to the value of £132k are sought to support the research, marketing and other costs. A total ask of £552k.

### **Value for Money**

## Appendix J – Game-changers and Freedoms

The GBS LEP see extensive vfm in this programme due to the potential growth that can be achieved by these businesses if they have the right support, including potential to:

- attract further investment and expansion projects (including other group opportunities beyond the original investment(s), and higher-grade functions, such as R&D )
- To attract follow-on investment, particularly supplier chain opportunities (either opportunities for local suppliers or bringing in overseas suppliers), and also the use of company network to attract other companies to the area.
- To retain and safeguard existing investments in rationalisation situations.
- To fully understand what is driving these businesses and with improved identification of their investment needs across the board.
- To obtain views on local issues that could affect competitiveness and the ability of the area to remain competitive and prosper.
- To improve information flows to local companies and their access to local support agencies by providing a signposting service on matters that might affect/benefit them (e.g. regeneration initiatives, business opportunities) and to help resolve current problems which may be impacting on company growth/competitiveness.
  - To improve the response of education, training, employment and business development strategies, plans and activities to the needs of key employers in the GBS LEP area.
  - To encourage new investors/current companies to be ambassadors for the GBA LEP.

This employer engagement strategy is about the development of a strategic relationship with a selection of GBSLEPs based employers using the principles of “customer relationship management” to discuss strategic and perhaps confidential matters relating to company’s plans and allow a trusted communication channel to be opened that a company can utilise if circumstances require it.

## **GAME-CHANGER 2: BIRMINGHAM CURZON**

### **Introduction**

On the 27<sup>th</sup> February 2014 Birmingham City Council launched the Birmingham Curzon HS2 Masterplan. The masterplan covers 141 ha of the City Centre extending across Eastside, Digbeth and the eastern fringe of the City Centre Core, with the HS2 terminus station at the centre of the area.

The Birmingham Curzon HS2 Masterplan seeks to maximise the regeneration and development opportunities of the area around the City Centre terminus which will include 14,000 (net) private sector jobs, 600,000 sq.m. of additional employment floorspace, 2,000 new homes and an uplift to the economy of £1.3bn each year.

The arrival of HS2 will act as both a catalyst for existing development and regeneration initiatives and bring significant additional investment unlocking further growth in the City. The masterplan seeks to capture this potential around the station. The task is now to realise this and put in place the mechanisms to ensure successful delivery.

The City Council is now developing a clear proposition, in the form of a Growth Strategy, focusing on how two clear, yet interlinked, objectives can be delivered:

- A world class integrated terminus station for HS2 (Birmingham Curzon)
- Regeneration and growth across the wider area

Achieving the outcomes of the jobs, investment and economic growth will require a bespoke approach to delivery including the establishment of a delivery vehicle, identification of funding streams and creation of governance arrangements. There will be a need to invest locally in infrastructure to facilitate development activity and business growth. It will require a partnership approach between both local and national bodies combining their resources and powers.

There is however a limit to what is achievable within the current structures and greater innovation will be required.

### **Key asks**

In order to realise the growth, greater freedoms and flexibilities will be required at the local level alongside commitment and focus from national bodies and organisations.

The City Council is preparing its “Growth Strategy for Delivery – Maximising the potential of HS2” which will set out the next steps building on the vision and objectives of the Birmingham Curzon HS2 Masterplan. The “Growth Strategy” will culminate in the preparation of a Full Business Case that sets out the delivery, funding and governance structures necessary to ensure the two interlinked objectives are achieved.

The first step in the developing the Growth Strategy is the completion of a number of technical studies. At this stage the City Council are not in a position to seek specific actions but a number of key areas need further discussion with Government to support progression to the Full Business Case. Once the Full Business Case is being developed there will be a need to explore in detail the freedoms, flexibilities and support needed to ensure that the successful delivery of the station and wider regeneration is realised.

## Appendix J – Game-changers and Freedoms

At this stage there are three specific areas where a conversation is needed to help develop the approach and ultimately feed into the Full Business Case – these are Funding, Resources and Support. The following provides a brief overview of each:

### ***Funding***

The freedoms to unlock local resources will be needed to support local investment in infrastructure to help deliver the world class station, realise development and drive growth. There are a number of mechanisms that can be used however the details will be developed as the Full Business Case emerges. There is the opportunity to expand the existing City Centre Enterprise Zone (EZ) to capture the greater potential uplift that HS2 would generate. Beyond the EZ there will be the need to explore other mechanisms of creating local sources of funding responding to the uplift in development/land values that would be generated as a result of the arrival of HS2 and necessary investment in local infrastructure needed to unlock growth. Stamp Duty Land Tax and the use of local tariffs (locally derived with-in built flexibility) such as a revised planning obligation mechanism through Section 106 would provide additional local sources. The proposition is for local level commitment to upfront investment on the basis that future growth facilitated by this investment would create uplift in local revenues which if retained would repay this investment.

### ***Resources***

The successful delivery of the HS2 City Centre terminus and the wider regeneration will require a dedicated local delivery vehicle that has the necessary resources and powers to enable successful implementation. The delivery vehicle and funding mechanisms will be established through the work stemming from the Growth Strategy. As part of this a clear understanding of what the budget for the terminus station and associated work as proposed in the Hybrid Bill to inform what local contributions are needed to deliver the uplifted station.

The scale of both the station and the wider regeneration are of national importance. It will require an approach which is beyond the localities ability to fund and support the set up and running of a bespoke delivery vehicle. As a result there will be a need for both revenue and capital resources for the delivery vehicle and its ongoing running and implementation.

### ***Support***

Central Government buy-in to the final delivery vehicle will be important to validate the approach. This can go a long way in creating confidence in the market both locally and internationally that the approach is robust.

In-line with the recommendations of the Growth Task Force the City Council is already pushing ahead with establishing local governance and the actions to bring forward their Growth Strategy. It will be important that at the national level the central delivery body is established early to provide strategic leadership and support for the local activity.

### **Next Steps**

The following is a timetable of next steps taking us toward our Full Business Case and when specific conversations are needed:

## Appendix J – Game-changers and Freedoms

<b>Work stream</b>	<b>Start</b>	<b>Complete</b>
Infrastructure and Baseline study	April 2014	August 2014
Development Viability and Funding study	July 2014	October 2014
Full Business Case	November 2014	December 2014

A conversation would be required prior to the commissioning of the Development Viability and Funding Study to ensure that the brief is robust enough to deliver the outputs that satisfy both local requirements but also current Government thinking.

Once the Infrastructure & Baseline and Development Viability & Funding studies are complete a further conversation with Government will be needed to explore the exact nature of the delivery model and the funding mechanisms proposed prior to the completion of the Full Business Case.

Following this the “Growth Strategy” will be presented in the form of the Full Business Case and will set out the key commitments both locally and centrally to ensure the successful delivery of the two key objectives for Birmingham Curzon – the world class station and the wider regeneration.

### **Concluding remarks**

HS2 will be a truly transformational project that will act as a catalyst for growth and regeneration. The ability to realise this potential will depend on the extent to which the mechanisms and funding are in place to facilitate growth and unlock sites for development. Experience shows that intervention, supported by national or local funding, is necessary to facilitate regeneration and development activity. The intervention in the form of the HS2 line and new city centre terminus station will be a significant catalyst in its own right. This will however need funding to ensure the station is “right” for the location and unlocks growth. It will also mean further interventions across a wider area to bring complex urban sites, with huge potential, to the market. The key asks will have a crucial role in enabling things to happen. Combining this with the work of the Growth Task Force and the City Council’s “Growth Strategy for delivery” will create the environment to truly realise the potential of HS2.

### GAME-CHANGER 3: HS2 CONNECTIVITY PACKAGE

<u>ASKS</u>	<u>OFFERS</u>
<p>Strong businesses cases have been developed for the schemes that are deliverable in the early part of the SEP period.</p> <p>In order to achieve our ambitions and deliver the proposed programme of works, significant scheme development activities will need to take place early in the life of the SEP.</p> <p>To enable this scheme development to take place, against a background of limited local government resources, we are therefore requesting a guaranteed annual revenue funding allocation for project development for a minimum of five years, commencing April 2016.</p> <p>The total estimated cost of scheme development is £23m. Local contributions cover one third of this, leaving a total ask of £15m from Government at £3.8m per annum.</p> <p>In addition, one of the key benefits of HS2 is that it will release capacity on the congested West Coast Mainline. The Package proposes investment in the existing rail network, amendments to timetables and taking forward the rail devolution agenda will be key to realising these benefits.</p> <p>To make best use of the capacity released by HS2 on the West Coast Mainline by the time the first phase is operational, it is crucial that the heavy rail elements of the Connectivity Package are prioritised in Control Period 6. We therefore ask Government to ensure that strategic alignment to HS2 is a key priority criterion for investment in Network Rail’s Control Periods 6 and 7, and that the development of the HS2/Network Rail Integrated Plan is coordinated with the emerging Midlands Connect programme.</p> <p>Finally, we ask that Government works with the LEP and delivery partners to consider the simplification and acceleration of statutory processes (for example Transport and Works Act Orders) to enable the expeditious implementation of major infrastructure.</p>	<p>A Cross-LEP commitment towards the early delivery of the HS2 WM Connectivity Package, enabling the creation of over 50,000 jobs in the West Midlands – 26,000 of which would be in Greater Birmingham – and an increase in GVA of over £4 billion per year.</p> <p>This Package will maximise the economic benefits of HS2 to the wider Midlands region, more than doubling the impact of implementing HS2 as a standalone infrastructure project, and will support significant fiscal returns to Government – it has been modelled to return £0.7bn in national tax receipts to the Exchequer.</p> <p>These net national returns will be realised through proactive local land use and development policies, building on the work already undertaken on the UKC and Curzon Station Masterplans (please see the separate asks for further detail).</p> <p>Over £8m has already been spent or committed locally to develop the programme and to match against Government resources.</p>

## Rationale for the Package

The High Speed Rail Network will provide much-needed additional rail capacity connecting the main urban areas of the UK. While GBSLEP benefits considerably from having two HS2 stations (in Birmingham city centre and in Zone 1 of UK Central), attracting greater investment in transport will be a critical factor for the continued success of the region. The introduction of HS2 will act as a catalyst for growth, it is crucial that the wider area is effectively “plugged in” to these stations for the economic benefits of this significant investment to be maximised.

Partners from across the West Midlands have therefore prepared a Connectivity Package which will deliver significant additional benefits to GBSLEP and the region as a whole.

The Package covers a range of transport interventions that provide the most appropriate or feasible solution for linking significant areas of population, businesses and growth areas to the HS2 network. These interventions have been programmed so that they can be delivered in a number of tranches between now and the opening of HS2 Phase 1 between Birmingham and London in 2026, and the further extensions to the North East and North West in 2033.

Economic impact analysis undertaken on behalf of Centro has estimated that the Connectivity Package will have a significant impact on the West Midlands economy. Across the area the package, combined with HS2, is estimated to increase economic output (GVA) by around £4Bn per annum equivalent to 51,000 jobs (ahead of the indicative impact of the HS2 Y Network, of £1.7bn GVA and 22,000 jobs).

This will be achieved by delivering on three outcomes:

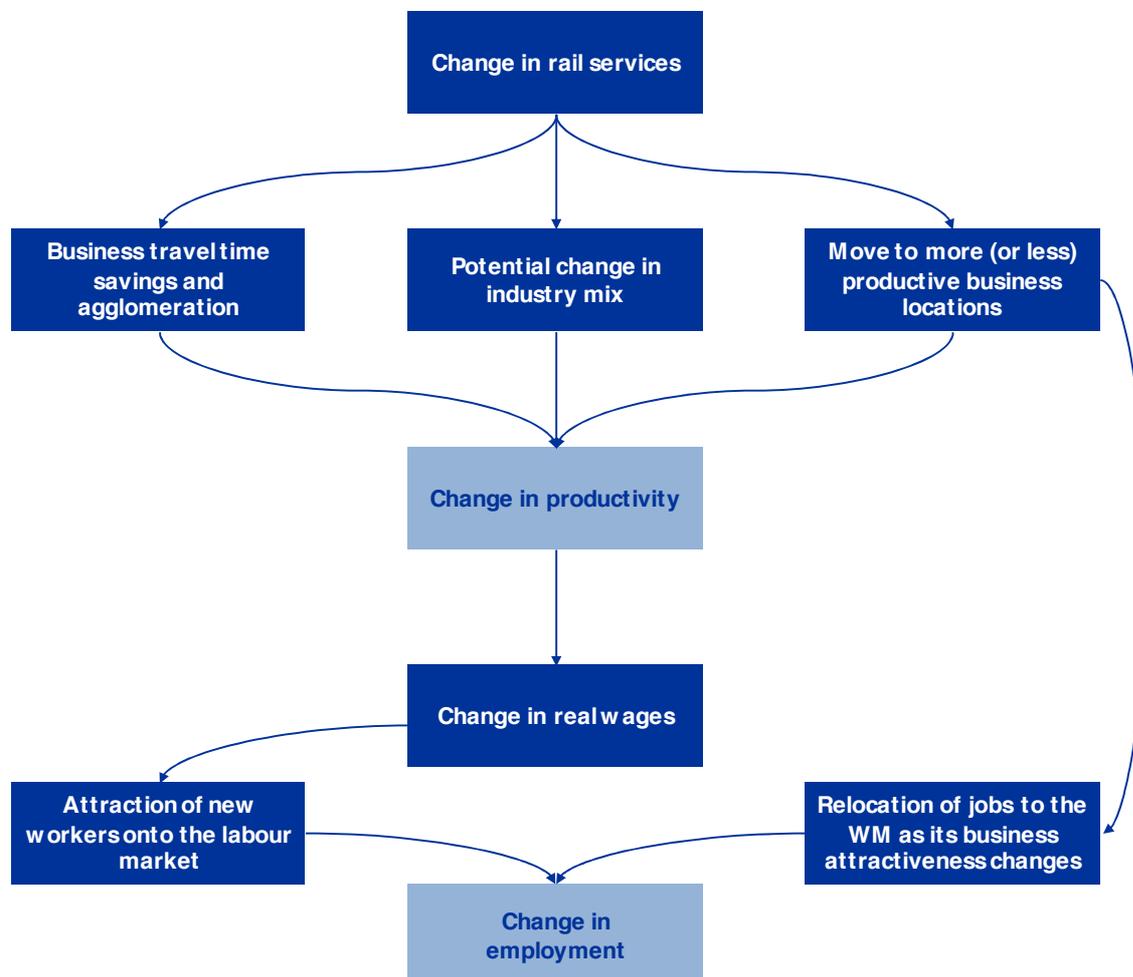
- **Capitalising on the network approach** – better transport will allow firms across the West Midlands to capitalise on shared opportunities and synergies, allowing them to grow in size through better access to national and international markets, creating a multiplier effect on demand for local inputs and employment. The network approach will favour the formation of specialised employment clusters and incentivise knowledge-sharing across firms, leading to agglomeration benefits.

The Connectivity Package will capitalise on the network approach to ensure that, through the availability of economic growth assets and the release of rail capacity, a more integrated transport network can be delivered to maximise the distribution of economic benefits across the West Midlands.

- **Unlocking growth assets** – new sustainable development around HS2 stations will help unlock office and industrial space that will significantly enhance the area’s attractiveness to businesses through a cluster approach. The joint availability of new office spaces and industrial sites, together with fast and convenient connections to key economic centres across and beyond the region, will stimulate business relocation to the West Midlands
- **Linking the wider West Midlands to the HS2 network** – the socio-economic impact of HS2 will only be maximised at the wider regional level if the necessary

connectivity improvements are put in place, linking as many of the West Midlands' conurbations and main centres as possible to the HS2 network.

**Fig. 1: How changes in connectivity lead to improvements in productivity and boost employment**



**Table 1: Long-term employment impacts by LEP area, relative to the “do minimum” scenario (i.e. no HS2)**

LEP	Employment (000s)	GVA (£bn, 2010 prices)	% change
Greater Birmingham & Solihull	26.0	2.2	7.6%
Black Country	12.5	0.9	4.7%
Coventry & Warwickshire	4.6	0.4	5.2%
Total Met area	43.1	3.5	6.3%
Non-Met area	8.2	0.6	1.1%

<b>Total West Midlands</b>	<b>51.3</b>	<b>4.1</b>	<b>3.8%</b>
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Although the total benefits of the aggregated Package are clear, it should also be noted that the schemes which are ready for delivery in 2015/16 have business cases with strong benefit:costs ratios.

### **The need for additional revenue funding**

It is anticipated that a rolling funding programme will be required to deliver these connectivity improvements across the lifetime of the Strategic Economic Plan and beyond, supported by both local and national resources. To achieve this vision in advance of HS2 being operational, significant scheme development activities will need to take place early in the life of the Strategic Economic Plan, in order to produce the strong evidence base that will be required to secure capital funding.

To enable this scheme development to take place, against a background of limited local government resources, we are requesting a rolling programme of resource funding from 2016/7 to 2020/21. Without this funding the programme will not be delivered in advance of HS2, and hence the full economic benefits it generates will not be realised.

As many of these schemes are of a significant nature, in terms of both costs and impact, it is not feasible for local promoters to resource this scale of investment from existing revenue funds. Historically, a proportion of scheme development costs would have been claimed back from Government once a project had reached Programme Entry Stage. This guaranteed mechanism is no longer in place under the devolved funding system, which has further exacerbated the problem of resourcing development funding.

In addition, half of the Integrated Transport Block funding that many Authorities used for elements of scheme development that could be capitalised has been included in the competitive element of the LGF. This has further reducing the flexibility and capacity of local agencies to develop significant major transport schemes.

The projects that would be developed over this period for early delivery are listed below along with their resource requirements for development activities that would take them to the point of implementation.

A detailed breakdown of the development activities that would be undertaken on a scheme by scheme basis is shown in Appendix A.

## Appendix J – Game-changers and Freedoms

**Table 2: Summary of GBSLEP’s revenue ask**

### Summary of GBS Revenue Ask

Scheme Name	Total Scheme Cost	Region	2013/14 & Prior	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
Midland Metro to Centenary Square Extension (incl complementary highway measures)	£42.40m	GBS	£2.18m	£1.75m								£3.93m
Midland Metro Eastside Extension to Curzon St HS2	£103.50m	GBS	£0.27m	£0.33m	£2.16m	£2.70m	£2.70m					£8.16m
<b>Metro Sub Total</b>	<b>£145.90m</b>		<b>£2.45m</b>	<b>£2.08m</b>	<b>£2.16m</b>	<b>£2.70m</b>	<b>£2.70m</b>	<b>£0.00m</b>	<b>£0.00m</b>	<b>£0.00m</b>	<b>£0.00m</b>	<b>£12.09m</b>
Hagley Road SPRINT	£12.20m	GBS	£0.15m	£0.52m	£0.19m							£0.86m
A45 SPRINT	£50.00m	GBS				£0.83m	£1.87m	£0.47m				£3.17m
A34 Walsall Road SPRINT	£40.00m	GBS & BC					£2.10m	£0.51m	£0.25m			£2.86m
Bartley Green SPRINT	£30.00m	GBS					£1.80m	£0.34m	£0.23m			£2.37m
Hagley Road SPRINT Park & Ride	£8.00m	GBS				£0.11m	£0.20m	£0.31m	£0.05m			£0.67m
<b>SPRINT Sub Total</b>	<b>£140.20m</b>		<b>£0.15m</b>	<b>£0.52m</b>	<b>£0.19m</b>	<b>£0.94m</b>	<b>£5.97m</b>	<b>£1.63m</b>	<b>£0.53m</b>	<b>£0.00m</b>	<b>£0.00m</b>	<b>£9.93m</b>
One Station	£7.00m	GBS	£0.36m									£0.36m
Snow Hill Lines	£20.00m	GBS, BC & C&W			£0.25m	£0.25m						£0.50m
Water Orton	£100.00m	GBS & C&W				£0.20m	£0.30m					£0.50m
<b>Rail Sub Total</b>	<b>£127.00m</b>		<b>£0.36m</b>	<b>£0.00m</b>	<b>£0.25m</b>	<b>£0.45m</b>	<b>£0.30m</b>	<b>£0.00m</b>	<b>£0.00m</b>	<b>£0.00m</b>	<b>£0.00m</b>	<b>£1.36m</b>
<b>GBS TOTAL</b>	<b>£413.10m</b>		<b>£2.96m</b>	<b>£2.60m</b>	<b>£2.60m</b>	<b>£4.09m</b>	<b>£8.97m</b>	<b>£1.63m</b>	<b>£0.53m</b>	<b>£0.00m</b>	<b>£0.00m</b>	<b>£23.38m</b>

LA Resources proposed, committed or spent

AVERAGE OF £3.81M P.A. OVER 4 YEARS TO 2019/20

## Appendix J – Game-changers and Freedoms

The development of this package of interventions would require at total additional resource of around £15m over the SEP period, the equivalent of £3.8m per annum over 4 years. A significant amount of local resources have already been committed or spent on developing a number of these schemes. To maximise the benefits of the package approach, a greater quantum of projects than those already committed will need to be developed and delivered in advance of the opening of HS2 between Birmingham and London in 2026.

On this basis, GBSLEP is asking for £3.8m a year from 2016/17 onwards.

GBSLEP does not propose to attempt to capitalise revenue development costs from the Local Growth Fund. The LGF is a limited capital pot and GBSLEP intends to offer Government excellent value for money by ensuring that all the capital allocated is spent on delivery.

### **Prioritisation of the rail elements of the Package in Control Period 6**

One of the key benefits of HS2 is that it will release capacity on the congested West Coast Mainline. As part of the Connectivity Package, Centro proposes amendments to timetables based on a “6-4-2” service concept of turn-up-and-go frequency for main centres and strategic interchanges (minimum 6 trains per hour); regular high rail frequency service for principal stations on main corridors (minimum 4 trains per hour); and regular, high-capacity services for other centres across the region and for other suburban stations (minimum 2 trains per hour). Taking forward the rail devolution agenda will be key to realising these benefits.

In addition, the Package proposes significant investment in heavy rail infrastructure during the SEP period, including Snow Hill Lines capacity and connectivity improvements and Water Orton. In future, further investment in the rail network – for example, to unlock Camp Hill Chords – will be required, in order to maximise the benefits of HS2.

We will work with Network Rail to develop these schemes. However, as Phase 2 of the Y-Network is constructed and in advance of it becoming operational in 2033, we ask Government to ensure that strategic alignment to HS2 is a key priority criterion for investment in Network Rail’s Control Period 6

The full HS2 Connectivity Package, which extends past the current SEP period, is shown diagrammatically below for reference.



**Appendix A: Scheme Development Programme: All GBS Connectivity Package Projects**

**Metro Development Costs – Summary**

Project	Development Activity
Centenary Square	<ul style="list-style-type: none"> <li>• Design of variation to 2005 Order alignment to accord with Paradise Circus re-development highway alteration proposals,</li> <li>• Preparation of Variation Order TWA application including public consultation, preparation of an environmental statement, land referencing and draft Order documentation.</li> <li>• Management of objections and resolution of the same via legal agreements.</li> <li>• Preparation of Major Scheme Business Cases to secure LTB/EZ funding.</li> <li>• Site and structural investigations, including investigation for utility diversions.</li> <li>• Discharge of planning conditions associated with 2005 Order including Listed Building Consents for building fixings for overhead line equipment.</li> <li>• Programme and project management. Stakeholder management. Local authority and Network Rail costs.</li> <li>• Detailed design and procurement.</li> </ul>
Edgbaston	<ul style="list-style-type: none"> <li>• Design of 2005 Order alignment to respond to changed highway layouts and traffic flows subsequent to approval,</li> <li>• Preparation of Compulsory Purchase Order application for small areas of land outside highway boundary including public consultation, land referencing and draft Order documentation.</li> <li>• Management of objections and resolution of the same via legal agreements.</li> <li>• Preparation of Major Scheme Business Cases to secure LTB/EZ funding.</li> <li>• Site and structural investigations, including investigation for utility diversions.</li> <li>• Discharge of planning conditions associated with 2005 Order including Listed Building Consents for building fixings for overhead line equipment.</li> <li>• Programme and project management. Stakeholder management. Local authority and Network Rail costs.</li> </ul>

	<ul style="list-style-type: none"> <li>• Detailed design and procurement.</li> </ul>
<p>Birmingham Eastside</p>	<ul style="list-style-type: none"> <li>• Outline design of tram alignment to support TWA application.</li> <li>• Legal agreements with landowners/developments</li> <li>• Preparation of TWA application including public consultation, preparation of an environmental statement, land referencing and draft Order documentation.</li> <li>• Management of objections and resolution of the same via legal agreements.</li> <li>• Preparation of Major Scheme Business Cases to secure LTB/EZ funding.</li> <li>• Site and structural investigations, including investigation for utility diversions.</li> <li>• Discharge of planning conditions including Listed Building Consents for building fixings for overhead line equipment.</li> <li>• Programme and project management. Stakeholder management. Local authority and Network Rail costs.</li> <li>• Liaison with HS2 and agreements over construction and design</li> <li>• Detailed design and procurement.</li> </ul>
<p>Metro/Rapid transit – East Birmingham – Interchange northern route (Serving Eastern Growth Corridor/UKC)</p>	<ul style="list-style-type: none"> <li>• Initial public consultation including options on alignment and traffic management/offline highway improvements.</li> <li>• Outline design of tram alignment to support TWA application.</li> <li>• Legal agreements with landowners/developments</li> <li>• Preparation of TWA application including public consultation, preparation of an environmental statement, land referencing and draft Order documentation.</li> <li>• Management of objections and resolution of the same via legal agreements.</li> <li>• Preparation of Major Scheme Business Cases to secure LTB/EZ funding.</li> <li>• Site and structural investigations, including investigation for utility diversions.</li> <li>• Discharge of planning conditions including Listed Building Consents for building fixings for overhead line equipment.</li> <li>• Programme and project management. Stakeholder management. Local authority and Network Rail costs.</li> </ul>

	<ul style="list-style-type: none"> <li>• Liaison with HS2 and agreements over construction and design</li> <li>• Detailed design and procurement.</li> </ul>
<p>Metro Extension Solihull Town Centre to Interchange Station</p>	<ul style="list-style-type: none"> <li>• Initial public consultation including options on alignment and traffic management/offline highway improvements.</li> <li>• Outline design of tram alignment to support TWA application.</li> <li>• Legal agreements with landowners/developments</li> <li>• Preparation of TWA application including public consultation, preparation of an environmental statement, land referencing and draft Order documentation.</li> <li>• Management of objections and resolution of the same via legal agreements.</li> <li>• Preparation of Major Scheme Business Cases to secure LTB/EZ funding.</li> <li>• Site and structural investigations, including investigation for utility diversions.</li> <li>• Discharge of planning conditions including Listed Building Consents for building fixings for overhead line equipment.</li> <li>• Programme and project management. Stakeholder management. Local authority and Network Rail costs.</li> <li>• Liaison with HS2 and agreements over construction and design</li> <li>• Detailed design and procurement.</li> </ul>

**SPRINT Development Costs – Summary**

<b>Project</b>	<b>Development Activity</b>
<b>Bartley Green SPRINT</b>	<ul style="list-style-type: none"> <li>• Walk through survey of proposed route to identify a long list of bus priority interventions and most suitable locations for SPRINT Stops</li> <li>• Legal and Procurement review to confirm most appropriate procurement methods for vehicles, vehicle operator and interventions.</li> <li>• Passenger survey to establish existing bus stops with highest patronage to support proposed SPRINT stop locations</li> <li>• Preliminary design of bus priority interventions and SPRINT stops</li> <li>• Swept path analyses to confirm SPRINT vehicles are able to travel along proposed route, specifically looking at pinch points and overtaking of existing buses at stops.</li> <li>• Make use of or develop appropriate highway modelling tools to provide quantitative evidence of the impact of proposed highway interventions delivered by SPRINT, comparing a do minimum and do something scenario .</li> <li>• Make use of Centro’s public transport model to quantify the impacts of the scheme, comparing a do minimum versus do something scenario.</li> <li>• Preparation of Major Scheme Business Cases to secure LTB funding.</li> <li>• Detailed site survey work including investigation for utility diversions.</li> <li>• Detailed design of SPRINT shelters and stops, physical bus priority interventions, bus priority at signals, CCTV enforcement.</li> <li>• Programme and project management. stakeholder management. risk management, cost analyses.</li> <li>• Preparation of tenders and procurement of bus priority measures, SPRINT stops, intelligent traffic systems (bus priority at signals)</li> <li>• Tender and procure vehicles and operator</li> <li>• Development of SQPS</li> </ul>
<b>A34 Walsall</b>	<ul style="list-style-type: none"> <li>• Walk through survey of proposed route to identify a long list of bus priority interventions and most suitable</li> </ul>

<p><b>Road SPRINT</b></p>	<p>locations for SPRINT Stops</p> <ul style="list-style-type: none"> <li>• Legal and Procurement review to confirm most appropriate procurement methods for vehicles, vehicle operator and interventions.</li> <li>• Passenger survey to establish existing bus stops with highest patronage to support proposed SPRINT stop locations</li> <li>• Preliminary design of bus priority interventions and SPRINT stops</li> <li>• Swept path analyses to confirm SPRINT vehicles are able to travel along proposed route, specifically looking at pinch points and overtaking of existing buses at stops.</li> <li>• Make use of or develop appropriate highway modelling tools to provide quantitative evidence of the impact of proposed highway interventions delivered by SPRINT, comparing a do minimum and do something scenario</li> <li>• Make use of Centro’s public transport model to quantify the impacts of the scheme, comparing a do minimum versus do something scenario</li> <li>• Preparation of Major Scheme Business Cases to secure LTB funding.</li> <li>• Detailed site survey work including investigation for utility diversions.</li> <li>• Detailed design of SPRINT shelters and stops, physical bus priority interventions, bus priority at signals, CCTV enforcement.</li> <li>• Programme and project management. stakeholder management. risk management, cost analyses.</li> <li>• Preparation of tenders and procurement of bus priority measures, SPRINT stops, intelligent traffic systems (bus priority at signals)</li> <li>• Tender and procure vehicles and operator</li> <li>• Development of SQPS</li> </ul>
<p><b>A45 Rapid Transit</b></p>	<ul style="list-style-type: none"> <li>• Walk through survey of proposed route to identify a long list of bus priority interventions and most suitable locations for SPRINT Stops</li> <li>• Review of most appropriate land available for Park &amp; Ride.</li> <li>• Legal and Procurement review to confirm most appropriate procurement methods for vehicles, vehicle operator and interventions.</li> </ul>

	<ul style="list-style-type: none"> <li>• Legal negotiations with regard to purchase of land for P&amp;R. Due diligence ahead of any procurement.</li> <li>• Passenger survey to establish existing bus stops with highest patronage to support proposed SPRINT stop locations</li> <li>• Preliminary design of bus priority interventions and SPRINT stops</li> <li>• Swept path analyses to confirm SPRINT vehicles are able to travel along proposed route, specifically looking at pinch points and overtaking of existing buses at stops.</li> <li>• Make use of or develop appropriate highway modelling tools to provide quantitative evidence of the impact of proposed highway interventions delivered by SPRINT, comparing a do minimum and do something scenario</li> <li>• Make use of Centro’s public transport model to quantify the impacts of the scheme, comparing a do minimum versus do something scenario</li> <li>• Preparation of Major Scheme Business Cases to secure LTB funding.</li> <li>• Detailed site survey work including investigation for utility diversions.</li> <li>• Detailed design of SPRINT shelters and stops, physical bus priority interventions, bus priority at signals, CCTV enforcement.</li> <li>• Detailed survey and design for P&amp;R facilities.</li> <li>• Programme and project management. Stakeholder management. Risk management, cost analyses.</li> <li>• Preparation of tenders and procurement of bus priority measures, SPRINT stops, intelligent traffic systems (bus priority at signals)</li> <li>• Tender and procure vehicles and operator</li> <li>• Contract Preparation and purchase of P&amp;R land.</li> <li>• Development of SQPS</li> </ul>
<p><b>Hagley Road SPRINT</b></p>	<ul style="list-style-type: none"> <li>• Walk through survey of proposed route to identify a long list of bus priority interventions and most suitable locations for SPRINT Stops</li> <li>• Legal and Procurement review to confirm most appropriate procurement methods for vehicles, vehicle operator and interventions.</li> <li>• Passenger survey to establish existing bus stops with highest patronage to support proposed SPRINT stop locations</li> </ul>

	<ul style="list-style-type: none"> <li>• Preliminary design of bus priority interventions and SPRINT stops</li> <li>• Swept path analyses to confirm SPRINT vehicles are able to travel along proposed route, specifically looking at pinch points and overtaking of existing buses at stops.</li> <li>• Make use of or develop appropriate highway modelling tools to provide quantitative evidence of the impact of proposed highway interventions delivered by SPRINT, comparing a do minimum and do something scenario</li> <li>• Make use of Centro’s public transport model to quantify the impacts of the scheme, comparing a do minimum versus do something scenario</li> <li>• Preparation of Major Scheme Business Cases to secure LTB funding.</li> <li>• Detailed site survey work including investigation for utility diversions.</li> <li>• Detailed design of SPRINT shelters and stops, physical bus priority interventions, bus priority at signals, CCTV enforcement.</li> <li>• Programme and project management. stakeholder management. risk management, cost analyses.</li> <li>• Preparation of tenders and procurement of bus priority measures, SPRINT stops, intelligent traffic systems (bus priority at signals)</li> <li>• Tender and procure vehicles and operator</li> </ul>
<p><b>Hagley Road SPRINT – P&amp;R and additional priority facilities</b></p>	<ul style="list-style-type: none"> <li>• Walk through survey of proposed route to identify a long list of bus priority interventions and most suitable locations for any further SPRINT Stops</li> <li>• Review of most appropriate land available for Park &amp; Ride.</li> <li>• Legal and Procurement review to confirm most appropriate procurement methods for implementation of interventions.</li> <li>• Legal negotiations with regard to purchase of land for P&amp;R. Due diligence ahead of any procurement.</li> <li>• Passenger survey to establish existing bus stops with highest patronage to support proposed SPRINT stop locations</li> <li>• Preliminary design of bus priority interventions and SPRINT stops</li> <li>• Swept path analyses to confirm SPRINT vehicles are able to travel along proposed route, specifically looking at pinch points and overtaking of existing buses at stops.</li> <li>• Make use of or develop appropriate highway modelling tools to provide quantitative evidence of the impact of</li> </ul>

	<p>proposed highway interventions delivered by SPRINT, comparing a do minimum and do something scenario .</p> <ul style="list-style-type: none"> <li>• Make use of Centro’s public transport model to quantify the impacts of the scheme, comparing a do minimum versus do something scenario</li> <li>• Preparation of Major Scheme Business Cases to secure LTB funding.</li> <li>• Detailed site survey work including investigation for utility diversions.</li> <li>• Detailed design of SPRINT shelters and stops, physical bus priority interventions, bus priority at signals, CCTV enforcement.</li> <li>• Detailed survey and design for P&amp;R facilities.</li> <li>• Programme and project management. stakeholder management. risk management, cost analyses.</li> <li>• Preparation of tenders and procurement of bus priority measures, SPRINT stops, intelligent traffic systems (bus priority at signals)</li> <li>• Operator negotiations in order to best serve P&amp;R</li> <li>• Contract Preparation and purchase of P&amp;R land.</li> <li>• Development of SQPS</li> </ul>
<p><b>Halesowen SPRINT Extension</b></p>	<ul style="list-style-type: none"> <li>• Walk through survey of proposed route to identify a long list of bus priority interventions and most suitable locations for SPRINT Stops</li> <li>• Legal and Procurement review to confirm most appropriate procurement methods for vehicles, vehicle operator and interventions.</li> <li>• Passenger survey to establish existing bus stops with highest patronage to support proposed SPRINT stop locations</li> <li>• Preliminary design of bus priority interventions and SPRINT stops</li> <li>• Swept path analyses to confirm SPRINT vehicles are able to travel along proposed route, specifically looking at pinch points and overtaking of existing buses at stops.</li> <li>• Make use of or develop appropriate highway modelling tools to provide quantitative evidence of the impact of proposed highway interventions delivered by SPRINT, comparing a do minimum and do something scenario</li> <li>• Make use of Centro’s public transport model to quantify the impacts of the scheme, comparing a do minimum</li> </ul>

	<p>versus do something scenario</p> <ul style="list-style-type: none"> <li>• Preparation of Major Scheme Business Cases to secure LTB funding.</li> <li>• Detailed site survey work including investigation for utility diversions.</li> <li>• Detailed design of SPRINT shelters and stops, physical bus priority interventions, bus priority at signals, CCTV enforcement.</li> <li>• Programme and project management. stakeholder management. risk management, cost analyses.</li> <li>• Preparation of tenders and procurement of bus priority measures, SPRINT stops, intelligent traffic systems (bus priority at signals)</li> <li>• Tender and procure vehicles and operator</li> </ul>
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**Rail Development Costs – Summary**

<b>Project</b>	<b>Development Activity</b>
Snow Hill Lines	<ul style="list-style-type: none"> <li>• Determine Detailed Service Enhancement Options</li> <li>• Revised Demand Forecasts and Updated Business Case work</li> <li>• GRIP 3 Level Study to take established feasible options through to a single preferred option</li> <li>• Liaison with Network Rail in respect of Long Term Planning Process and West Midlands and Chilterns Route Study</li> <li>• Liaison with HS2 and agreements over Moor St Station Connectivity</li> <li>• Legal agreements with landowners/developments (Not expected to be necessary if within Network Rail permitted development)</li> <li>• Programme and project management. Stakeholder management. Local authority and Network Rail costs.</li> <li>• Procurement.</li> </ul>

<p>Water Orton</p>	<ul style="list-style-type: none"> <li>• Liaison with Network Rail in respect of Long Term Planning Process and West Midlands and Chilterns Route Study</li> <li>• Specific demand work and rail capacity modelling to determine impact of requirements for new local services and stations between Birmingham and Tamworth/Burton &amp; Nuneaton.</li> <li>• Determine Detailed Service Enhancement Options (Linked to Camp Hill Chords scheme)</li> <li>• Liaison with DfT in respect of future electrification of Derby-Birmingham-Bristol and Birmingham – Nuneaton rail corridors.</li> <li>• Contribution to detailed design and procurement based on above requirements.</li> </ul>
<p>Camp Hill Chords and New Stations</p>	<ul style="list-style-type: none"> <li>• GRIP 3 Level Study to take established feasible options through to a single preferred option for both a One Phase and Two Phase approach</li> <li>• Revised Demand Forecasts and Updated Business Case work</li> <li>• Liaison with Network Rail in respect of Long Term Planning Process and West Midlands and Chilterns Route Study</li> <li>• Liaison with HS2 and agreements over Moor St Station Connectivity</li> <li>• Legal agreements with landowners/developments (Not expected to be necessary if within Network Rail permitted development)</li> <li>• Programme and project management. Stakeholder management. Local authority and Network Rail costs.</li> <li>• Procurement.</li> </ul>

## **GAME-CHANGER 4: UK CENTRAL AND INTERCHANGE**

### **UK CENTRAL**

#### **THE OPPORTUNITY**

UK Central offers an outstanding opportunity to deliver economic growth and job creation on a national scale.

Its unique concentration of national assets – the National Exhibition Centre, Birmingham Airport, Jaguar Land Rover’s largest manufacturing plant – and location (with 20m people in a 90 minute drive-time and 90% of the UK market accessible within 4 hours) mean that it already plays a major economic role, supporting over 100,000 jobs and generating over £5bn GDP in the region.

The new High Speed Rail Interchange, co-located with an international airport and exhibition and conference complex, will create a distinct and compelling international investment proposition – one of the few genuinely international scale opportunities in the UK – and will have a transformational impact in unlocking investment, regeneration and development potential across GBSLEP, bringing new economic activity and jobs.

Ambitious growth plans are already in place or in the pipeline – the Airport runway extension; Genting’s investment in Resorts World at the NEC; and a further £1.5bn investment from JLR. High Speed Rail provides the opportunity to accelerate existing schemes, unlock significant future growth potential and capture new internationally mobile capital investment.

A strategic Masterplan – setting out the economic vision and potential – was finalised and successfully launched in Summer 2013 – attracting national and Government attention for the scale and ambition, and generating significant national and international investor interest.

This showed that, with the additional impetus provided by HS2, 100,000 additional jobs (including 10,000 by 2020) and £14bn additional GDP could be generated in the GBSLEP area alone.

Unlocking the full economic potential of UKC requires the effective integration of HS2 plans and the Interchange Station with UKC Vision and Masterplan through a UK Central HS2 Growth Strategy, to create not only a world class international gateway, but a distinct, vibrant and attractive place – complementing both Birmingham and Coventry – delivering jobs, growth and regeneration.

Achieving this vision requires investment in local and regional connectivity and networks, in particular the HS2 Connectivity Package; as well as a long-term solution for Junction 6 of the M42, enabling it to accommodate investment and growth of the scale that can be achieved.

#### **BACKGROUND**

The scale of the opportunity is recognised in Solihull’s adopted Local Plan, identifying the area’s strategic economic role and nationally and regionally important transport infrastructure. This Plan provides the clear policy context for economic growth around the area’s strategic assets – growth not predicated on HS2, but on the existing potential and strong track record of the area in delivering managed growth and securing internationally mobile capital and FDI including:-

- Lendlease (Touchwood)
- Victoria Fund Management Corporation and the Ontario Teachers’ Pension Plan (Birmingham Airport)
- Genting (£125m investment in Resorts World at the NEC – the UK’s first integrated destination leisure complex and the first Resorts World in Europe)
- Tata / JLR – including a recent additional £1.5bn, creating a further 1700 jobs in Solihull

The UK Central Masterplan looks beyond the Local Plan, setting a longer term vision and demonstrating how planning for and exploiting HS2 can deliver significantly greater economic benefits for Greater Birmingham and Solihull, the West Midlands and UK plc.

The Masterplan is a high level document, achieving its aim of positioning UKC as a major economic driver and opportunity area, and setting out the major activities and interventions that will allow the economic potential to be realised.

Delivering this potential will be through specific area plans, investment propositions and infrastructure schemes that are being developed and brought forward on a phased basis. These will build on sector strengths in Advanced Manufacturing, Low Carbon and Green Industries, Digital and Creative and Business Services, but also enable new Intersectoral Opportunities and ManuServices.

## **UK CENTRAL**

Four economic opportunity zones offer investment and development potential both now and to 2040, complementing Birmingham's Big City Plan and the Curzon Street terminus.

**Zone 1.** The most significant opportunity area, with the Interchange Station, Birmingham Airport, the National Exhibition Centre, Jaguar Land Rover and high quality investment sites, with capacity in five clusters

- Flexible events and leisure space at the NEC
- Advanced manufacturing and technology focussed on Birmingham Business Park
- An international airport
- Advanced office and commercial development adjacent to the High Speed Rail station
- Jaguar Land Rover – a world class centre of manufacturing excellence

The core hub area - the Airport, NEC and Birmingham Business Park – is 550ha (significantly larger than the Royal Docks for e.g. and comparable to Munich Messe at 560ha) – with a further 143ha in the area around the Interchange station

**Zone 2.** North Solihull, with its £1.8bn regeneration programme, offers further potential for retail, leisure and community development.

**Zone 3.** Solihull Town Centre, a major retail, leisure and office destination with plans for a large-scale extension to the Town Centre coming forward, with potential for residential, retail, office leisure and hotel development.

**Zone 4.** Blythe Valley Park, a masterplanned campus combining a countryside park setting with direct access to the national motorway network, offers both immediate and longer-term development potential, including residential and mixed use alongside large scale advanced manufacturing, higher education or health facilities.

By 2040 the total impact could be

- Over 100,000 additional jobs in Greater Birmingham and Solihull and a £14.2bn boost to the area's GDP
- Unlocking up to 230 hectares development potential for commercial, leisure and residential development

Realising this full potential needs three big things to happen that as a LEP and individual local partners we can't do alone

- Integrating HS2 plans and the High Speed Rail station into our wider plans and local and regional connectivity and networks, including through delivery of the West Midlands HS2

Connectivity Package, rather than sterilising the economic potential of the interchange area – a very real risk with the current proposals as set out in the Hybrid Bill.

There is clear international evidence demonstrating that whilst HSR stations are catalysts for wider benefits, these benefits are realised when there is clear integration of national with local proposals, focussed investment in wider infrastructure, accessibility to local transport networks and clear leadership in delivery planning and implementation.

- A long-term solution for Junction 6 of the M42, enabling it to accommodate investment and growth of the scale that can be achieved both in UKC and across the region as a whole. This is not an investible / fundable proposition for the private sector – the sites and potential that it will open up in full are.
- Realism that financial and funding mechanisms will need to step outside the current funding framework and envelope

The opening of the line and station in 2026 will act as a significant additional catalyst for investment and development. Leading up to 2026 progress and delivery of existing plans and initiatives will see increasing economic activity and during this period there will be the need for a major planning and coordination exercise to ensure that the full economic impact of UKC, with HS2, is achieved. This will include ensuring the infrastructure is in place to accommodate growth and to capitalise on the arrival of HS2 and its transformational impact.

Post 2026 it is anticipated that the majority of development activity will come forward on a phased basis up to 2040. At this point the full scale of the ambition will be realised and the economic impacts felt.

## **DELIVERY**

There are three main areas of focus – Governance; Development and Investment Opportunities; and Zone 1 – Planning and Implementation: it offers the most significant opportunity, and delivery and “place making” needs to be aligned with the programme for HS2

### **Governance**

There are a number of organizations involved in realising the development and investment potential across UK Central

- Solihull MBC is taking a clear leadership role, and GBSLEP a critical high level sponsorship role
- Key stakeholders, landowners and partners have been actively engaged in shaping the UKC project since its inception, including GBSLEP, Birmingham City Council, Birmingham Airport, the NEC, Jaguar Land Rover, Lendlease, and Centro as well as Coventry and Warwickshire Councils.
- A strategic governance framework has been agreed by GBSLEP and SMBC, and is being further developed to ensure appropriate representation of HS2 and landowners within the UKC area;
- A formal Memorandum of Understanding has been put in place between SMBC and the 3 other landowners in the Zone 1 Interchange area (including Birmingham City Council, which has substantial land holdings)

### **Next Steps**

- Establish locally led Delivery Vehicle for UK Central and the Interchange – by December 2014

### **Development and Investment Opportunities**

- Early stage soft-market testing and a phased programme of national and international awareness raising is demonstrating significant institutional investor interest, and the potential is now being promoted through UKTI RIO
- The UK Central brand and opportunity was launched at MIPIM 2014 and was promoted alongside Curzon Street and Birmingham's Economic Zones, as part of a distinct Greater Birmingham & Solihull offer – the only place in the UK to have new High Speed Rail stations by 2026.
- Detailed and specific investment propositions, scoping the commercial mix, current market opportunities, land values and value uplifts are being produced

### **Next Steps**

- Zone 1 and Interchange Area Draft Development Prospectus – June 2014
- Soft market testing – Summer 2014
- Formal launch of Prospectus

### **Zone 1 Growth Strategy– Development, Planning & Implementation**

- **Identify the regeneration, development and growth potential around the Interchange and wider Zone 1 area.** Building on the UKC Masterplan, the Development Prospectus (see above) and detailed financial modelling will provide a detailed understanding of the development potential, opportunities, impact, costs and benefits. This will complement the Curzon Street Masterplan and illustrate the vision and proposition more fully for HS2 and partners
- **Assess local infrastructure needs.** There are ongoing discussions with DfT, the Highways Agency and HS2, to secure support for delivering a long-term solution for J6 that will enable growth, and to secure integration of HS2 plans with the UKC Vision and ambition. Junction 6 (2 junction solution) Stage 1 design and red flag analysis has been completed (funded by Solihull MBC), and the Secretary of State for Transport has acknowledged the prospects and proposition and has asked the Highways Agency to commission more detailed design and feasibility work for J6, due to complete in Autumn 2014. UKC is fully integrated into the HS2 Connectivity Package, with the Metro / Rapid Transit schemes for connectivity to and from the Interchange area via the A45 from Birmingham to Coventry, through East Birmingham and North Solihull and to Solihull Town Centre, crucial elements to securing genuine local and regional benefits from High Speed Rail
- **Identify funding.** Initial work supporting the UKC Masterplan identified a number of potential funding sources, both including local resources (PLWB borrowing, development agreements, CIL); land value uplifts, growth in business rates and tax receipts (including Air Passenger Duty and Casino Gaming Duty), as well as the scope for alignment and pooling of the funding plans and budgets of HS2, Highways Agency, Network Rail and other Government Agencies and Departments. Pre-application discussions with a potential private sector investor / developer over proposals for a fully funded scheme (for which the land interests/ ownership are already in place) that could contribute to the delivery of UKC plans for the southern junction replacing the current J6. There is also significant emerging interest from the institutional investment market, including a recent visit, facilitated by UKTI RIO, from a major Chinese investment company – the only opportunity considered outside London

- **Inform existing plans.** Solihull's Local Plan identifies the need to produce an Area Action Plan (or similar) to take account of HS2 and preparatory work is being undertaken. UKC Central has already been identified as a top priority for the LEP, confirmed in this Strategic Economic Plan; a GBSLEP Strategic Housing Needs Study is underway (in which the Black Country is also a partner); and the West Midlands Connectivity Package is also critical to maximising economic benefits across the region and connecting HS2 into the wider geography and economy.
- **Risk Management.** This is being addressed through the work on governance, financial modelling and the Development Prospectus that is already underway.
- **Set out of the role of a locally owned HS2 delivery body.** Strong partnerships are already in place, together with a strategic governance framework (see above).

### **Developing our Growth Strategy – Next Steps**

- Draft Development Prospectus – June 2014
- Baseline and Infrastructure Studies – September 2014
- Development and Funding Models – October 2014
- Detailed business case setting out resources and powers required and the scale of the local contribution – December 2014
- Establish locally led Delivery Vehicle – December 2014
- Growth Strategy for UKC Hub / Zone 1 area – December 2014
- Consultation on Area Action Plan scoping – May – August 2014 –
- Draft Area Action Plan – consultation - 2015

### **OUR OFFER**

- Provide clear local leadership for the delivery of UK Central and continue to fund development work (with £300k GBSLEP Growing Places Fund and £500k Solihull MBC resources having already been allocated to UKC), including detailed financial modelling to underpin the development of the full business case and bespoke funding mechanism
- Produce an exemplar High Speed Rail Growth Strategy to serve as a model for future development and investment in the UK by December 2014, aligning our approach with that of Curzon Street and continuing to work with the established HS2 Strategic Board to maximise the benefits for Greater Birmingham & Solihull and wider West Midlands
- Develop and deliver a UK Central Investment Strategy, aligned with a new GBS Investment Strategy (maximising the wider impact of and opportunities from High Speed Rail) and secure new internationally mobile capital and inward investment for the UK
- Continue to work with GBSLEP and partners, including through the existing HS2 Strategic Board, Programme Coordination Group and Working Groups to develop and deliver the HS2 Connectivity Package and ensure we maximise the local and regional economic benefits
- Create a world class international gateway and destination, with an iconic station seamlessly connected locally, regionally and nationally
- Bring forward new sites for employment, residential and mixed use development

## OUR ASK

- To include the M42 J6 improvements in the first Highways Agency Roads Investment Strategy
- Senior, expert support from Cabinet Office, HMT, DfT, CLG and HS2 to develop appropriate funding and delivery models between July 2014 to March 2015 for both Curzon Street and UK Central, working with Curzon St, UKC and the new GBSLEP Growth team
- Direct representation from both Curzon Street and the Interchange delivery partnerships on the new central delivery body
- Agree a bespoke growth deal on a gain share / payment by results basis, outside the standard funding models / envelope , consisting of package of national and private value capture, including wider business rate retention, that will allow us to deliver the upfront infrastructure investment needed – to agree a statement of intent to be including in the 2014 Autumn Statement and Heads of Terms to be agreed in Budget 2015
- Dedicated support from UKTI RIO between September 2014 and February 2015 to develop messaging, propositions and a campaign for the institutional investment market, including shaping the approach to MIPIM 2015
- Government endorsement of and commitment to the recommendations in “High Speed 2: Get Ready”
- Work with GBSLEP to finalise the review of transport appraisal methodology to quantify economic benefits and apply this approach to the HS2 Connectivity Package
- Dedicated support from UKTI to work with Business Birmingham and UKC and Curzon Street delivery partners to develop and implement a new GBS Investment Strategy and promote the opportunities through the FCO network overseas

## **GAME-CHANGER 5: BIRMINGHAM TRAINED ME TO COMPETE – GBSLEP JOINT VENTURE PILOT**

### **Proposal**

The creation of a Joint Venture Partnership (JVP) to accelerate investment in the skills required to drive the local economy, particularly by the private sector and in support of priority growth sectors and major game changers such as UKC. Initially the partnership will be between GBS LEP, BIS, the 9 Further Education (FE) Colleges based in the LEP area and local employers, and will be expanded to include more employers, private sector training providers and other key stakeholders within the skills system. The JVP will act as a vehicle to drive cultural change within local businesses, creating a demand for training and driving private sector investment in skills. It will act as a catalyst to accelerate the implementation of Government policy regarding employer ownership of skills and support the necessary cultural and market change across all key stakeholders, particularly as more funding is routed to employers and there is an expectation of increased employer investment in skills. The role of each of the key stakeholders within the JVP is outlined below:

### **GBS LEP Offer**

- Leadership from the LEP Employment & Skills Board in terms of establishing the game changers for the local economy and the role of skills in supporting them, overarching Governance and coordination of activities
- Leadership from the LEP's Growth Sector Champions to support business engagement in the partnership and identify sector specific skills needs through Local Industrial Partnerships
- Identification of economic/employer needs
- Engagement of key business leaders and their supply chains
- Investment of EU funding to support the needs identified through the JVP
- Steering the partnership to maximise the use of existing skills funds

### **GBS LEP FE Consortium Offer**

- Alignment of funding to meet LEP priorities and deliver the Joint Investment Plan
- Identification of specific sectors and qualification areas where funding rules are a barrier to delivering what businesses need and where the market for employer investment in skills needs to be accelerated.
- To develop revised measurement systems for Further Education (FE) to better recognise the contribution that FE makes to delivering GBSLEP economic priorities and to ensure that current measurement systems better reflect and stimulate responses to local economic priorities and business needs.

### **Local Employers**

- To work with the JVP to identify specific skills needs for their sector as well as their own companies
- To promote investment in skills through their own purchasing power and supply chains
- To support the creation of Local Industrial Partnerships to lead collaboration across industry and the skills system to shape local skills provision

- To work collaboratively with other businesses to support the design of pre-employment training (both short and longer courses) relevant to their sector as well as their own business through Local Industrial Partnerships
- To co-invest in the delivery of workforce development activity within their companies and with other employers
- To co-design an employer led system of impact measurements that demonstrates the value of investment in skills, specific to their sector, highlighting the bottom line benefits as well as the longer term and qualitative benefits.

#### Government/BIS Ask

- To be a full member of the GBS LEP Future Skills Joint Venture Partnership, offering expertise in the development of the Joint Investment Plan, advising on the parameters within which it operates and acting as an advocate for the JVP where Government policy is identified as a barrier to the achievement of its objectives.
- Greater flexibility over a proportion of the overall skills budget, initially that received and deployed by the 9 FE Colleges based within the GBS LEP area, in order to deliver on the specified skills requirements of local businesses and to respond to the needs of inward investors. This should be free from national restrictions or rigid eligibility criteria in line with the needs identified by the Joint Venture Partnership and delivered through its Joint Investment Plan.
- Close regional dialogue between OFSTED and the GBSLEP to ensure that the measurement systems developed by the LEP better reflect and stimulate responses to local economic and skills priorities by FE Colleges and Training Providers

#### Rationale

The UKCES employer skills survey 2013 found that since 2011 employer investment in training had decreased by around 5% attributed to appropriate training not being available, or funding not being available for the courses they require.

The decrease in the amount of money spent by employers on staff training and reluctance to prioritise training and development is a concerning trend, which could lead to a cycle of decline in which graduates and school leavers are continually denied the opportunity to learn the necessary skills to advance in the workplace and that skills will be lost as the current workforce retires.

This proposal directly responds to a number of the recommendations made by UKCES in their report 'Employer Ownership of Skills Building the Momentum' (March 2013). A key element of the report identifies that in order for employer ownership of skills to work employers and colleges must move beyond transactional customer-supplier relationships to relationships based on a mutual understanding of each other's businesses, operating environments and potential to add value. Whilst Employer Ownership Pilots are testing various approaches and Industrial Partnerships are developing sector led activity at a national level, in order to drive forward this radical change in culture across sectors and every size and shape of company, we also need to strengthen activity at a local level, with local businesses, colleges and training providers, working together to develop a new relationship to significantly expand the pool of skilled labour required to deliver our economic ambitions.

This proposal seeks to support the successful implementation of Government policy on employer ownership of skills and directly builds on the rationale and learning from the Employer Ownership of Skills Pilots. UKCES has identified that we currently have two training markets, a publicly funded market providing qualifications built around Government priorities and a private training market delivering skills in response to business need. This proposal will address this

issue by strengthening the partnership between local employers, colleges and training providers, identifying areas where freedoms and flexibilities in the use of public funding are required to pump prime investment to build market demand and creating a system of measurement that is meaningful both to colleges and businesses in assessing the business and economic benefits of their investment in skills.

### **What GBS LEP is Already Doing:**

We have appointed five industry champions to lead on our priority sector work, providing industry insight and private sector leadership in engaging businesses in skills related activity. We are currently planning a number of 'Immersion Events' whereby we will take a sector based approach to bringing businesses together with curriculum leads from the local colleges to identify skills issues and agree solutions to these issues. The output from these activities will directly link in to the Joint Venture Partnership.

The 9 FE Colleges based within the LEP area have come together with Birmingham Chamber of Commerce Group to form a consortium approach to identifying and responding to employer needs within the LEP area and align provision with LEP priorities. This utilises all existing funding streams, including the ESF Skills Support for the Workforce contract and the Local Responsiveness Fund. This major programme (total value £6.5m) is running now and is directly targeted at the upskilling of local SMES across our key sectors. This will be a source of detailed and up to date intelligence on market need and highlight areas where greater flexibility would deliver increased take-up of support.

We have identified funding within our ESIF to support pre-employment training and workforce development aligned to our priority growth sectors as well as business engagement activity through our Growth Hub which will incorporate our Skills for Growth Hub and specific support for the Advanced Manufacturing & Engineering sector. This will form part of the investment in the JVP.

We are working on a cross-LEP basis in relation to the development of our Growth Hub and sector based skills activity. For example, we are an active participant in the group of 7 LEPs that meet to discuss the needs of Jaguar Land Rover and its supply chain and we are developing collaborative responses to identifying and meeting those needs.

### **What GBS LEP Would Like to Do:**

We want to work with Government on a partnership basis to identify where national skills policy/the skills system isn't working and work with Government to identify areas where we could trial a licensed exemption to these policies through additional freedoms and flexibilities to be discussed and agreed within the partnership.

### **Inputs**

- GBS LEP EU funding
- Adult Skills Budget initially from existing budgets of the 9 GBS LEP FE Colleges and with the inclusion of other training providers in future years
- Employer investment
- BIS to provide freedom and flexibility to use the Adult Skills Budget to deliver identified training needs outside current funding rules, to act as pump priming in order to grow the market for employer investment in skills

Year	ESF Funding (£m) GBS LEP	ASB Funding (£m) Colleges/Providers	Employer Investment (£m)	Total (£m)
1	2.4	5	5	12.4
2	2.4	6	6	14.4
3	2.4	7.2	7.2	16.8
Total Investment	7.2	18.2	18.2	43.6

### **Activities**

We intend to take a sector based approach in order to better measure the impact of interventions. We will carry out a detailed sector skills analysis to gain an in depth understanding of employer needs and identify what flexibility would be needed to meet those needs if it can't already be done within existing funding mechanisms across all of the LEP's priority sectors. This will inform the development of a Joint Investment Plan, led by our Growth Sector Skills Champions, providing innovative, employer led responses to address acute skills shortages within our key sectors.

The Joint Investment Plan will set key local priorities, linked to LEP priority growth sectors and could be similar to Employer Ownership Pilots, with greater levels of freedom over what training could be delivered but ultimately greater employer contribution too.

We intend to develop confidence in employer ownership of skills, within the spirit of the recent Whitehead review of Adult Vocational Qualifications, by increasing the rigour and responsiveness of the skills system and qualifications to better align to the labour market and the LEP's ambitions for growth. Critically, we would use this flexible funding approach to engage employers in skills and training where activity is currently limited, in order to demonstrate the bottom-line benefits and offer a sliding-scale of investment, which would ultimately buy additional employer support either through match funding or further investments.

As part of our offer, we will develop a new system of measurement, designed by the JVP and initially implemented by the 9 GBS LEP based FE Colleges. We will also develop impact measurements, designed by employers and specific to each of our growth sectors to help to drive the culture change required to grow the market for employer ownership of and investment in skills.

We will immediately focus on two key sectors where there are tremendous opportunities and acute skills issues. These sectors are Advanced Manufacturing & Engineering and the 'Cultural Buzz' sector, particularly focussing on the opportunities arising from the Grand Central, Paradise Circus, Resorts World Birmingham and Birmingham Airport developments in relation to the Visitor Economy. We will work closely with Tier 1 supply chain companies and businesses that are key to the LEP's Visitor Economy to create a catalytic effect of business skills investment.

In addition to our Growth Sector Champions, Andy Mueller (Aero Engine Controls) and Jonnie Turpie (Maverick TV), and LEP Employment & Skills Board Members Alan Volkaerts (Jaguar Land Rover) and Paul Thandi (NEC Group), we also have other major employers engaged in developing the Joint Venture Partnership and committed to engaging others through their supply chains including ZF Lemforder UK Limited, Network Rail and the Retail Business Improvement District.

The JVP will have a catalytic impact on investment in skills which will achieve the following:

### **Outputs**

- 2,000 employers investing in skills through the Joint Venture Partnership

- £18.2m additional employer investment in skills on a co-investment basis
- 25,000 people up skilled

### Outcomes

- A radical cultural change in the relationship between businesses and FE Colleges/training providers resulting in co-designed curricula and increased employer demand for and investment in skills
- Reduction in reported skills gaps in key sectors
- Local workforce better able to meet business and economic needs
- Reduction in unemployment and NEETs
- Increase in GVA

### Evidence Base

There are well-documented issues affecting the flow of skilled labour in the GBS LEP area including specific shortages of particular skills – this includes the need to upskill the existing workforce many of whom are aged 24 or above and therefore no longer eligible for direct government funding. Equally, the reduced skills funding available for employers with over 250 employees has led to lower levels of investment locally than are required to increase economic competitiveness and growth. While we fully recognise national skills funding policy and support the principle that large employers fund the specific training they require, we also recognise that the failure of those employers to do so is restraining local productivity. This is particularly the case within our priority growth sectors.

Some employers are still averse to investing in skills due to the fragile economic environment. SMEs in particular are not spending money on training, and this is having a knock on effect both in terms of recruitment and up skilling the workforce. If employers in the GBSLEP area are failing to invest to meet future demand for a workforce skilled at level 3 and above, this may significantly impact the ability of those firms to contribute to the GBSLEP ambitions for growth without significant targeted investment and support for their current and future workforce.

Economic modelling has projected the change in skill requirements (QCF) for GBSLEP over 2010-2020. This shows that by 2020 the only jobs growth will be at occupational level 4 and above. There will be fewer jobs requiring lower level skills; however there will be opportunities through replacement demand. Note that these forecasts do not take account of any proposed interventions or policy changes.

<b>Projected change in Skill Requirements (QCF) GBSLEP 2010-2020</b>					
<i>Copyright: Warwick Institute for Employment Research/Cambridge Econometrics 2011</i>					
<i>C = figure too small to be publishable</i>					
	<b>Base Year 2010</b>	<b>Projected 2020</b>	<b>Change 2010-2020</b>	<b>Replacement Demand</b>	<b>Total Requirement</b>
QCF 7-8	57,300	106,200	48,800	23,100	72,000
QCF 4-6	203,200	255,400	52,200	81,900	134,100
QCF 3	172,300	163,800	-8,500	69,500	61,000

QCF 2	202,100	202,500	C	81,500	81,900
QCF 1	166,600	143,900	-22,600	67,200	44,500
No Qualifications	88,700	58,600	-30,100	35,800	C
<b>Total</b>	<b>890,200</b>	<b>930,400</b>	<b>40,200</b>	<b>359,000</b>	<b>399,200</b>

The working age population in the LEP is forecast to increase by 3.1% between 2011 and 2021 (+38,000). The GBSLEP has the highest percentage of residents with no qualifications (13.7%) (18% for Birmingham) against a Core City LEP average of 11.3%), and only Liverpool LEP and Sheffield LEP have lower percentages of population numbers educated to Level 3 and above.  
*Source: ONS /APS 2012*

According to the ONS Annual Population Survey 2012 only 28.1% of the GBS LEP population have qualifications at level 4 and above, with 13.7% having no qualifications and 17.7% qualified to level 3. Given that the UKCES has stated that 80% of our current workforce will still be employed by 2020 there needs to be a focus on bridging the gap from level 2 to level 4 through a visible and aligned investment in upskilling the existing workforce and ensuring that the delivery of those skills meets LEP priorities. This will be critical to ensuring that there are sufficient opportunities for the lower paid and lower skilled residents of the LEP, particularly those living in disadvantaged wards, to increase their skills and economic competitiveness.

#### Advanced Manufacturing & Engineering

SEMTA, the sector skills council for Science, Engineering and Manufacturing Technologies, has recently carried out a training needs analysis of JLR's supply chain, and in a presentation to providers in December 2013, stated that, according to the feedback from JLR suppliers: -

- o Funding was not flowing where it was needed especially at Level 3
- o There is a complex skills market – we do not want training “done to us”
- o Funding is limited and does not always match specific needs
- o Due to production demands staff cannot always be released for training

There is a strong likelihood that these findings are reflected across the sector and within other sectors too, based on the survey information carried out on behalf of the UKCES and presented in the Working Futures 2010-2020: sectoral report.

Employers emphasise particular skills gaps at Level 3, particularly within the Advanced Manufacturing and Engineering supply chain. Unfortunately employers are not always willing or able to fund this training and consequently there is limited investment in upskilling the workforce in higher-level skills.

Evidence from employers also demonstrates that there is a demand for non-accredited training, which may have a greater impact on productivity than some qualifications. Where employers are not currently willing to fund this themselves it is impacting on the productivity output in the LEP area.

The issues from many local Advanced Manufacturing & Engineering companies are clear:

- There are not enough work-ready individuals coming through to apply for jobs in the AME sector
- There are key skills shortages, specifically team leading, supervisory, technical
- There is not sufficient capacity or skills investment within supply chains to meet increasing demand

- There is a particular need for technical skills in areas like Total Productive Maintenance, Robotics and CCM
- There is a need to train the trainers – to build capacity within the system
- More innovative ways of delivering training could be explored through the use of technology. By looking at the skills outcome, rather than the qualification, students working on different units, or at different levels which address similar skills needs could work alongside each other in the same classroom with the same tutor
- Space for training on manufacturing sites is severely limited, so alternative options would need to be considered.
- Training for equipment used by the majority of the supply chain could be delivered by a provider other than the manufacturer.

Funded qualifications do not always meet the needs of employers, for example, automotive manufacturing employers cannot always afford for track workers to complete a full Business Improvement Techniques (BIT) qualification, as a large part of it is classroom based and this proves costly when trying to backfill the track positions. Employers feel that the BIT light option devalues the full Level 2, so they would prefer to opt for a short tailored course that does not result in a qualification. Ultimately employers want to see a return on investment – this does not always mean that they want their staff to achieve qualifications. There is a real need to be able to demonstrate the bottom-line benefits of training to employers to encourage future investment.

Many large medium and small employers would like to be able to access higher level qualifications, as they see that this is the lever for growth. A number of employers, both large and SME require Level 3 + qualifications and a percentage of the workforce to gain qualifications at degree level. Whilst this may be affordable for large employers, it is not currently affordable for SMEs.

The UKCES Working Futures Report highlights that “Manufacturing accounted for 10.6 per cent of UK GVA in 2012. The share of UK GVA has been in long-term decline as competition from overseas manufacturers, and output in UK services, have both grown. Output is forecast to grow in 2014 as business investment starts to pick up and global demand for UK exports, particularly niche manufactured goods, begins to slowly rise”. Of the estimated 500,000 additional AME jobs required between 2014 and 2020, 50% are likely to be technical roles. In order to maximise the opportunity that this growth presents, skills practitioners must be able to respond effectively to industry needs.

According to the UKCES, the number of job vacancies has finally risen back to pre-2008 levels. Many of these job vacancies exist because of a lack of available skills to fill them.

### *‘Cultural Buzz’*

The value of the visitor economy to the GBS LEP area is well documented; Marketing Birmingham along with the Regional Observatory has undertaken in depth research into the sector and provided economic context for the Visitor Economy Strategy: It is estimated that tourism activity currently generates nearly £7 billion of expenditure in the economy and supports 82,000 jobs. In addition to its strong links with the retail, arts and entertainment and transport sectors the visitor economy also has significant indirect impacts by supporting other sectors that rely on tourism through the supply chain. Tourism can also help support wider social and economic development objectives; regeneration, social and economic inclusion, enhancing skills and employment, and promoting/attracting enterprise and employment.

There is huge potential to harness the region’s assets and increase the value of the visitor economy. The LEP area has a leading position in exhibitions and events, transport infrastructure projects such as HS2 and the expansion of Birmingham Airport (with new routes to key emerging markets in areas such as the Far East and the US west coast). The increase in visitor numbers means that it will be more important than ever to deliver world class service.

Visit England's Strategic Framework for Tourism has an objective to '*facilitate greater engagement between the visitor and the experience*' and puts emphasis on the welcome at key 'gateways' such as airports and train stations; first impressions count and with the added challenge of, often deep rooted, negative perceptions of the area, a warm welcome and great service is crucial.

Investing in the visitor experience is aligned to the priorities identified in the Hospitality, Tourism and Sports Skills Assessment (2012) which includes:

- Increasing the supply of the workforce. This includes: supporting sector job growth, accelerating social mobility in the workplace, professionalising the workforce and increasing the effectiveness of training.
- Improvement of customer service skills.
- Increasing business investment in skills and reducing wasted public expenditure.
- Aligning employers and stakeholders to deliver sustained growth through skills.
- Matching training supply to employer needs

The key employment and skills challenges faced by the sector are:

- Lowest proportion of full-time employees of all sectors (55% compared to 73%) and employs a particularly young workforce (33% are aged under 25 compared to 11% across the economy)
- Relatively low skilled workforce - only a fifth of the workforce are qualified to level 4 and above compared to 37 per cent across the whole economy (though this varies by subsector)
- In total 73,700 vacancies were reported across the sector. A quarter of these (18,243) are classed as hard-to-fill and a further 15% (11,178) are skills shortage vacancies.
- A fifth of all establishments report having skills gaps, with the number of workers affected by gaps standing at 194,000, equivalent to eight per cent of employment.
- The Hospitality, tourism and sport sector has problems with staff retention – 9% compared to 5% across the economy as a whole
- The most common skills lacking in establishments with skill shortage vacancies are job specific skills followed by customer handling skills (56%)

The Hospitality, Tourism and Sport Sector Skills Assessment (2012) forecasts that the sector's workforce will grow by 11%, more than double that of the whole economy. The sector has problems with staff retention and skills shortages; action needs to be taken to ensure that the future skills needs are met.

Discussions between Visit England, the Department for Business Innovation and Skills and LEPs noted that a lack of data and information, and the view that the sector was intangible compared to others, led to difficulties evidencing economic impact. However, the experience of McArthurGlen's Cheshire Oaks Designer Outlet provides tangible evidence of the impact of investing in staff development and customer service. The outlet, home to almost 150 retail and hospitality businesses, was the first attraction in the UK to become a WorldHost Retail Destination, gaining the accolade in September 2012. Almost 200 staff from 38 brand partners successfully completed WorldHost Principles of Customer Service training. Since then sales for participating brands have risen significantly, with a 10% increase in overall sales and a 7% increase in the average transaction value. Couple this with the findings from research by Genesys; that poor customer service costs the UK economy £15.3 billion per year and a compelling case is made for investing in the visitor experience.

## **FREEDOM: LIFE SCIENCES VISA INVESTOR PILOT**

### **Background**

The UK life-sciences industry, which includes pharmaceutical, medical biotech and medical technology companies, is estimated to contribute around £10 billion per year to the economy. The Chancellor's Plan for Growth, issued soon after the 2011 budget, confirmed that the life-sciences sector is seen as a vital part of the UK's economic recovery, and that clinical research, which underpins that sector's strength, is of strategic importance.

The Strategy for UK life sciences was launched by the Prime Minister in December 2011. It set out a range of measures to support growth in the UK health life science sector.

The strategy is based on 3 pillars:

### **Building a UK life sciences ecosystem**

- Making it easier for researchers to commercialise academic research, placing clinical research at the heart of the NHS, and empowering patients to participate in research.

### **Attracting, developing and rewarding talent**

- Introduction of measures to attract and nurture world-leading talent and develop scientific excellence.
- Ensure the UK offers exciting and rewarding careers for clinicians, scientists and technicians from all around the world.

### **Overcoming barriers and creating incentives for the promotion of healthcare innovation**

- Introduction of measures to incentivise early-stage investment and nurture the best innovations through the translational funding gap to a point at which they can secure follow-on investment.
- Reduce the bureaucracy of setting up clinical trials to ensure that patients have access to promising, cost-effective, new treatments

Significant work is taking place in the field to ensure the UK attracts and nurtures world-leading talent and develops scientific excellence; and that it offers exciting and rewarding careers for clinicians, scientists and technicians from all around the world.

The issue is that creating the right eco-system purely from an academic and clinical perspective isn't enough and fails to capture the whole opportunity presented. Failing to capture and retain commercial Life Science's companies will also have a detrimental effect on our ability to retain world leading clinicians and academics who rely on working with commercial organisations to fund research, trials and innovations.

To maximise the wider economic impact of this work however the UK needs to ensure this clinical and academic excellence and the eco-system that it creates filters into the commercial setting. Creating the environment that allows indigenous UK organisations to spin out, grow or expand is fundamental. However enabling overseas business, of all sizes, to also access the UK, establish here and follow similar growth patterns to our own companies is vitally important to ensure we have a globally competitive Life Sciences economy.

The highly creative, research intensive and innovative nature of the Life Sciences sector has clear parallels with the Technology and Digital sectors. This is another sector in which the UK has a strong international reputation and one in which the talent is highly sought and globally mobile.

### **Birmingham Context**

The Birmingham region is unique in its combination of this population size (5 million-plus), high ethnic and socio-economic diversity, diversity of clinical speciality delivery, highly stable and large proportion of young people and their accessibility through established networks of primary, secondary and tertiary providers

Because of this Birmingham is recognised as one of the very few centres internationally that can complete the full circle of Translational Medicine. In Summer 2015 the Institute of Translational Medicine will open and provide a bespoke multidisciplinary translational environment for development and delivery of clinical trials and device evaluation.

The ITM will build critical mass and translational focus in clinical research, improving its quality through the sharing of insights and best practice. It will maximise interaction between clinicians, academics, patient groups and industry, fostering the development of collaborative networks. Co-location will facilitate the design of clinical trials, the selection of patients for trials in a stratified manner, the early application of robust health economic evaluation to inform development decisions on new treatments and devices, and the monitoring and interpretation of patient outcomes.

This facility and the wider eco-system that it takes advantage of are attracting unparalleled levels of interest from Life Science companies, both UK and Foreign owned.

Some issues however have arisen in terms of securing some of these Foreign Direct Investments.

The companies we are working with are often SME's and the staff best suited to launching the UK operations, are often either the company founder or key technical staff. This is a particular issue when related to the nature of the operation they hope to establish

Issues with regards to visa's and immigration policy have led to a number re-evaluating the scale and type of investment they will make. For instance rather than establishing manufacturing or development centres, which they would lead and have a major role in establishing and managing, they opt to open sales offices, recruiting UK nationals. Manufacturing or R&D they will then carry out in an alternative location.

Recent investments that have led to small – sales type operations include a Canadian Serious Games Company and two US medical device companies.

In our opinion enabling executives or key staff from overseas investors to move to the UK to create FDI would:

- The nature of the investment would more likely be more committed and larger in nature
- Create more jobs both in the initial investment.
- Have greater levels of capital investment.
- Subsequently would create larger receipts via corporation tax and PAYE/NI
- The investment is new rather than safeguarding/retaining UK operations.

### **Rationale**

A number of areas exist where access to visa's or the ability to relocate individuals to the UK act as barriers with regards to inward investment.

- The current provision via the exceptional talent route within the Life Science sector is limited (currently 300 p/a). It has highly prescriptive and specific criteria, largely focused on clinicians and academics. The route is also reliant on the Royal Society designating that candidate as “exceptional”
- Most Entrepreneurs within the commercial life sciences sector will fail the criteria for this process. Whilst commercially talented and often with backgrounds certainly in clinical areas, and sometimes academia they are rarely world renowned. We would though propose significant background checks along the lines of financial due diligence and an in depth analysis of their business plan for the UK
- The second route open via the entrepreneur route also has some limitations largely centred on the financial backing required to be demonstrated. Funds of around £250,000 need to be demonstrated as available for such an investment and whilst the majority of larger investors are likely to be able to demonstrate this, some may not. In particular those that are SME’s or start up companies. Potentially lowering this financial envelope to £175,000 would assist in making the UK and Birmingham more attractive.
- Similarly the most used route for Visa’s in this sector – via sole representative- has a number of caveats that can act as deterrents to entrepreneurial companies within the life sciences. In particular the requirement for an applicant to not be a majority shareholder in the company they will be working on behalf of. More often than not and particularly in the case of SME’s it is the owner or co-founder of the company who is intending to invest in the UK and relocate as part of that project. This then excludes that cohort of investors.

### **Case Study**

Client A is a North American company who design and develop “serious games” that are used within clinical settings and clinical trials. The programmes are used in the diagnosis, treatment and research into areas such as diabetes, falls and dementia – successfully within North America. Clients there include the Armed Forces and a number of major Health Institutes.

The client’s founder hoped to relocate to the UK to establish a EU operation, which they would lead for a period of 18 months-2 years. They planned to recruit a small team of developers (5-8) who they would train and coach on the products and with themselves leading the commercial activities. They had held very positive meetings both in the UK and in North America with clinicians here in Birmingham. Products are currently being trialled in two NHS trusts and with a major charity.

However unable to relocate to the UK due to Visa issues the decision has been taken to employ a UK national home based sales representative. Their role is to uncover enquiries and feed back to the HQ in North America. All development, prototyping and products will then be developed there.

12 months on the company have employed three such staff due to individuals leaving the company. The reasons being the lack of direct communication with an office here in the UK and the representatives feeling they are unable to respond quickly enough to both commercial opportunities and requirements from UK clients.

### **GBSLEP ‘Ask’**

A potential visa route already exists via the Exceptional Talent Visa. Therefore our ask is more of an expansion and potential piloting of this – targeted around the Life Sciences.

Most recently Tech City will launch an entrepreneur visa to bypass immigration restrictions. There are a number of caveats that are attached which would easily be duplicated as part of a Birmingham Life Science Pilot.

However there are a small number of areas that may need to be taken into account in this pilot.

- The Tech City /Entrepreneur visa is for those internationally recognised as world leaders or potential world-leading talent in the fields of science and the arts. This would be harder to demonstrate in a cohort of Life Sciences SME's.
- A high degree of due diligence however would be carried out by partners in Birmingham to ensure all potential applicants complied with the standard requirements
- This would include looking at financial viability of their proposed investment, issues around accessing / procuring via the NHS or other market entry issues.
- It would also consider the number of UK or EU qualified staff they would recruit alongside them/their representative
- Whilst Piloted in Birmingham, and likely to be relatively small numbers of applicants, successful companies could be housed within “soft landing” facilities within the city. From a UK first perspective this would provide them with a first footprint in the UK – from which they could expand potentially into other UK locations.
- The number of visa's required would be small with no more than 10 per annum likely to be requested by the GBSLEP region.

## **Appendix**

### **High-value migrants - Tier 1 (Exceptional talent)**

This route is for exceptionally talented individuals in the fields of science, humanities, engineering and the arts, who wish to work in the UK. These individuals will already be internationally recognised at the highest level as world leaders in their particular field, or have already demonstrated exceptional promise and are likely to become world leaders in their particular field.

This particular tier is part of the points-based system, which is for migrants from outside of the EU. Every initial application must be endorsed by a 'designated competent body' – these are the Royal Society (for natural sciences and medical science research), Arts Council England (for arts and culture), British Academy (for humanities and social science) and the Royal Academy of Engineering (for engineering). There is an annual limit of 1,000 endorsements, with the Royal Society having 300 places.

### **High-value migrants - Tier 1 (Entrepreneur)**

Tier 1 (Entrepreneur) is for non-European migrants who want to invest in the UK by setting up or taking over, and being actively involved in the running of, a business or businesses here. As this route is for investors, access to individual investment funds (minimum £200,000) will need to be proven within the application process, and an additional £50,000 must be available from:

(i) one or more registered venture capital firms regulated by the FCA; (ii) one or more UK entrepreneurial seed funding competitions which is listed as endorsed on the UKTI website; or (iii) one or more UK Government Departments or Devolved Government Departments in Scotland, Wales or Northern Ireland, which is made available by the Department(s) for the specific purpose of establishing or expanding a UK business.

### **Other categories - Representatives of overseas business**

An individual may be able to come to the UK under this immigration route if they are the sole representative of an overseas company, intending to set up a wholly owned subsidiary or register a UK branch for an overseas parent company. The following outlines the conditions which must be met in order to enter the UK via this route:

- To come to the UK as an overseas parent company's sole representative here, the individual must be a senior employee (but not a majority shareholder in the company) who intends to establish a commercial presence for the company in the UK. This may be a registered branch or a wholly owned subsidiary concerned with the same type of business activity as the parent company.
- The company must have no branch, subsidiary or other representative in the UK. If the company has a legal entity in the UK, but this does not employ staff or transact business, the individual may still be able to come here as its sole representative.
- The individual must have full authority to take operational decisions on the company's behalf. To show why they have been appointed, they must be able to demonstrate a very good track record in the same or a closely related field of work.
- If the company has previously employed a sole representative here, who has left the UK at an early stage before the UK branch or subsidiary has found premises or started to trade, the UKBA may allow them to come here as a replacement sole representative.
- The representative must also be able to demonstrate their English language ability.

### **Case Study – Tech City**

Tech City is a technology cluster located around Shoreditch in East London. Development of the cluster has been encouraged by both local and national government, with the goal of creating a cluster comparable to Silicon Valley. Amazon, Facebook, Google and INTEL are some of the companies who have invested in this area.

In December 2013, three years after Tech City's creation, the Prime Minister announced that the government would open up the Exceptional Talent visa route to world-leading individuals in the **digital technology** sector. Tech City UK will work together with the Home Office in assessing applications for this route, which will open in April 2014. This will provide an immigration route for individuals with a proven track record in developing successful businesses or creating new innovations within the technology sector.