



# Black Country Strategic Economic Plan Executive Summary

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

DRAFT 19th March 2014



## 1. Introduction

- 1.1 The Black Country is in the right place, at the right time. We are at the heart of an internationally competitive economy with global manufacturing companies and a vibrant supply chain. The Black Country economy forms a vital part of the UK's manufacturing base. Manufacturing accounts for 15.2% of employment and we have the highest concentration of high value manufacturing of any local enterprise partnership. **Our vision is to grow the global supply chain, with the world class skills it demands.** Based on a business-led analysis of the barriers to growth, our strategic economic plan will enable us to move further and faster towards achieving that vision. We must enable growth in high value sectors in order to strengthen the wider economy leading to an increase in employment and income levels.
- 1.2 Over the past 10 year we have worked together collectively towards achievement of our shared 30 year Vision and aligned and made significant investment into the Black Country. In 2014 we can report:
- GCSEs considerably improved: up by 21 percentage points, which is much higher than the national percentage rise of 13.4 percentage points over the same period ;
  - 69,000 more residents living in the Black Country;
  - Earnings on average up by £5,000 per annum;
  - 20,000 additional residents with degrees or an equivalent qualification
  - Over 15,000 net increase in homes.
- 1.3 *Our proposals under the local Growth Fund and its associated Growth Deal will exploit our foundation of manufacturing strength. It will support the Government's Industrial strategy and deliver new homes, new jobs, stronger businesses and additional skills and learning outcomes for employees and residents.*

## 2. The Black Country Strategic Economic Plan

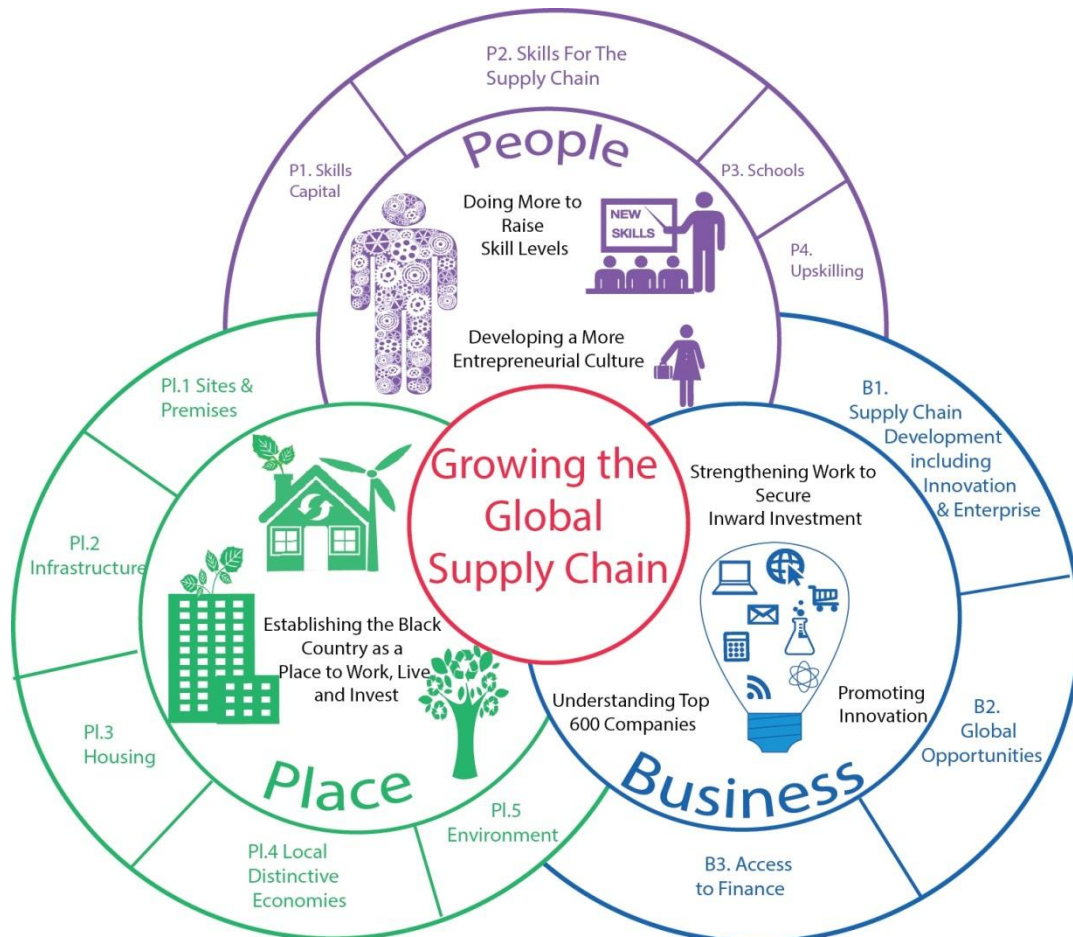
- 2.1 Our Strategic Economic Plan and proposed local growth deal builds on a track record of effective delivery and a strong strategic context. This includes:
- Our evidence-based, **long term vision** for the future of the Black Country;
  - A pro-growth **core strategy** which covers all four councils and is underpinned by a business-friendly planning service;
  - One of the most successful **Enterprise Zones** which is acting as a catalyst for growth for the national and local economy, most notably in relation to aerospace and automotive sectors;
  - A number of other programmes including our **City Deal including** Growth Factory and Skills Factory.
- 2.2 Delivering our growth ambitions requires on going action to:
- Meet the requirements of businesses in those high growth sectors for high quality, well-connected sites and premises and access to a skilled workforce; enabling

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businesses in our growth sectors to grow and deliver our contribution to the implementation of the UK Industrial Strategy;

- Ensure that the Black Country is a good place in which to live, work, visit and invest, including more houses and improved schools; ensuring that the Black Country has the economic, social and physical infrastructure to enable those companies to grow.

2.3 Our LEP Board has identified 12 strategic programmes (as set out in diagram 1) to achieve our ambitions:



The delivery of our overall Black Country Strategic Economic Plan (SEP) will be as a result of alignment of investment, resources and capacity from European, national, sub national and local partners including existing initiatives such as the City Deal, Growing Places Fund, Enterprise Zone, Skills Factory, local authority economic development and associated investments together with the European Strategic Investment Framework (EUSIF) with its indicative Black Country allocation of £152M, private sector development and wider public sector resources.

2.4 The table below summaries the key alignment between the SEP and our EU planned investments which supports 10 of our 12 programme areas.

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People Theme	
<b>BC major contributor to National objectives</b>	
<b>P1.</b> Skills for the Supply Chain – Building on the Skills Factory (Skills Offer from schools to Further Education to Higher Education)	➤ European Strategic Investment Framework (EUSIF) 4.1 Skills for Growth - £30,000,000
<b>P4.</b> Securing and up skilling the Black Country residents and employees	<ul style="list-style-type: none"> <li>➤ EUSIF 4.2 Young People and Unemployment (Ages 15-24) - £19,800,000</li> <li>➤ EUSIF 4.3 Employment Support for the Over-25s - £11,000,000</li> <li>➤ EUSIF 4.4 Promoting Social Inclusion Among Disadvantaged Groups - £15,200,000</li> </ul>
Theme	EU Alignment
Place Theme	
<b>P11.</b> Expanding the Availability of High Quality Employment Land and delivering a portfolio of strategic mixed use development opportunities.	➤ EUSIF 3.1 Employment Sites Development and Enhancement - £7,000,000
<b>P14.</b> Locally distinctive economies	➤ EUSIF 1.6 Support for Local Growth Clusters – focusing on the cultural and creative economy £4,000,000
<b>P16.</b> Overall quality environment and low carbon.	<ul style="list-style-type: none"> <li>➤ EUSIF 3.3 Supporting Energy Efficiency and the Green Economy - £15,500,000</li> <li>➤ EUSIF 3.2 Improving and Exploiting our Green and Blue Infrastructure - £3,500,000</li> </ul>
Business Theme	
<b>BC major contributor to National objectives</b>	
<b>B1.</b> Maximising our Supply Chain opportunities and supporting Small or Medium sized Enterprise (SME)s	<ul style="list-style-type: none"> <li>➤ EUSIF 1.1 Growth Factory - £2,400,000</li> <li>➤ EUSIF 1.4 Business Support for Growth and Improved Productivity - £6,000,000</li> </ul>
<b>B2.</b> International Trade – Global Opportunities and Inward Investment	➤ 1.2 Inward Investment and Exporting - £4,600,000
<b>B3.</b> Access to Finance.	➤ EUSIF 1.3 SME Access to Finance - £8,000,000
<b>B4.</b> Innovation through materials	<ul style="list-style-type: none"> <li>➤ EUSIF 2.2 Infrastructure for Innovation - £10,400,000</li> <li>➤ EUSIF 2.1 Increasing SME Demand and Capacity for Innovation £9,600,000</li> </ul>
<b>Local programmes complementary to national needs</b>	➤
<b>B5.</b> Entrepreneurship and social enterprise.	➤ EUSIF 1.5 Enterprise Support for Business Creation - £5,000,000
<b>Totals</b>	➤ £152,000,000

- 2.5 The Black Country has an adopted Performance Management Framework which include a range of strategic indicators through which we measure and publically report success monitoring the collective impact of intervention across the Black Country

### 3. Our Local Growth Deal Priorities

- 3.1 For the Local Growth Deal (for which only capital funding is available in 2015/16) we have gone through a process of prioritization, including a spatial interpretation and identified those sectors with the greatest opportunity for growth, – aerospace, automotive and construction.

The Black Country is well-placed to benefit from the anticipated doubling of the civilian aircraft fleet. We are part of the Midlands aerospace cluster and four Black Country Companies underpin 20% of UK aerospace output.

We are at the heart of the UK automotive sector which the Society of Motor Manufactureres and Traders (SMMT) forecasts will produce 2.2m units in four years' time. The decision of Jaguar Land Rover (JLR) to locate its UK engine centre of excellence in our enterprise zone has significantly increased local supply chain opportunities.

Global leaders in the construction sector based in the Black Country cover the whole design, construction and facilities management cycle. This means that we are well-placed to benefit from the £94bn of opportunities UKTI has estimated UK companies could win from the largest global construction projects.

- 3.2 Black Country businesses have identified a number of significant barriers to growth which must be overcome if they are to benefit from these opportunities. They include:

- Specific skill gaps faced by businesses in our growth sectors and a lack of capacity to meet them, compounded by our ageing workforce and local businesses' long term under-investment in skills and training.
- A shortage of high quality of employment premises and of "shovel ready" sites for new premise exacerbated by the very high remedial costs involved in bringing forward sites for development;
- Growing levels of traffic congestion, constraining access to the motorway network, combined with poor access to potential housing and employment sites;
- The fact that the recession has eroded the capacity of many businesses to innovate and respond to new opportunities.

We also face a number of wider factors which are undermining the attractiveness of the Black Country as a place in which to live, work, visit and invest, most notably:

- The need to stimulate a more entrepreneurial culture, reflected by the current low level of business births and low business stock;

- Address our poor housing mix and high level of stalled housing developments. This includes the need to attract and retain a skilled workforce by creating vibrant city and urban centres, where people want to live, and which also help to raise land values and stimulate further development.
- Our low skills base: a high proportion of people with no qualifications and low proportion with degrees, combined with our underperformance in relation to STEM subjects at GCSE.

#### 4. Implementation Plan- Our Local Growth Deal Project Deliverables

4.1 At the core our proposed local growth deal are **seven priority programmes** which address these barriers to growth and enable businesses in our priority sectors (aerospace, automotive and building technologies) to grow and will improve the wider Black Country offer to business.

##### People Strand

- **P1 Skills for the supply chain (current and future workforce):** a two-strand programme to:
  - Ensure that businesses in our target sectors can access the skills they need, building on our successful employer led Skills Factory.
  - Build the skills base of the future through an Employer Education Engagement Programme.
- **P2 Skills Capital: funding for infrastructure to meet evidenced needs of businesses in our target sectors.**

##### Place Strand

- **PI1: Employment Sites and Premises:** delivering a programme of market-tested sites to meet the needs of businesses in our target sectors and a programme of property enhancements for out of date industrial buildings;
- **PI2: Infrastructure to Support Growth:** a programme of transport interventions to tackle congestion, improve access to the motorway network, develop sustainable choices of transport and provide access to key employment sites.
- **PI3: Housing and urban centres:** acceleration of the housing market to support economic growth, and improve the offer of our city and urban centre in order to attract and retain skilled workers.

##### Business Strand

- **B1: Developing a supply chain fit to supply:** a programme to support Black Country businesses to better build and better exploit the local supply chain through innovation support.

- **B2: Exploiting Global Opportunities:** activity which adds value through rigorous targeting (of sectors and countries) and alignment and collaboration with neighbouring Local Enterprise Partnerships and national programmes.

4.2 We have identified and appraised 28 projects on which we are confident that delivery can begin in 2015-16 and which would make a significant contribution towards the delivery of our growth deal objectives.

#### 4.3 **Medium Term Priorities**

We are also developing a number of longer term programmes to address some of the deep-seated issues we face, most notably our under-investment in skills, the need for a mechanism to fund a programme of work on strategically important sites with the highest remedial costs and action to support a comprehensive programme of housing developments.

#### 4.4 **Freedoms and Flexibilities to enhance local delivery**

We have identified five areas in which we are particularly keen to discuss with Government the scope for securing greater influence and decision-making during our local growth deal negotiations. They relate to the most important barriers to growth that we have identified and would help us to deliver our priority programmes. They are:

- **Reversing Black Country businesses' under-investment in education and skills:** a discussion about further flexibilities to enable us to encourage small businesses to invest in education and skills.
- **Delivering a further programme of high quality employment sites:** exploring the scope for a funding mechanism which enables us to bring forward sites with remedial costs which cannot be addressed through the City Deal or Enterprise Zone mechanisms.
- **Strengthening our innovation capacity:** designing a tailored package of support to rebuild the capacity of businesses to develop new products and markets which were eroded during the recession.
- **Enhancing our ability to influence strategic transport investment:** securing government support for rail devolution to the West Midlands and greater input to the Highways Agency investment programme to enable us to deliver improved connectivity.
- **Potential of the Black Country as a place to work, live, invest and visit:** developing a community budgeting approach to delivering our wider place offer across the four councils and their partners.

### 5. **Governance, Prioritisation and Accountability**

5.1 In order to secure the effective governance and delivery of this plan and the subsequent local growth deal:

- The Black Country Executive Joint Committee has been established and is operational enabling for the first time single decisions to be taken by Black Country local authorities to drive our collective growth agenda;
- We are establishing an advisory board and working group to advise the Joint Committee and oversee the delivery of the growth deal;
- We are proposing the post of Programme Manager to support the delivery of the Growth Deal and its funding with ambitions to create a series of 'blended' teams across the four councils and partner organisations to deliver particular work streams;
- Our comprehensive performance management framework and annual reporting arrangements will be adapted to monitor and report on delivery of the SEP and Growth Deal.

## 5.2 Transport Projects - Process of Prioritisation

The Black Country Strategic Transport Board (STB) was created with a specific remit to make decisions about major transport scheme funding which will be devolved from 2015. As part of the devolution process, the STB was required by the Department for Transport (DfT) to produce a list of prioritised schemes by 31 July 2013, which has been used to inform our investment programme for the period 2015 – 2019. These prioritised projects feature in our SEP. The Black Country STB undertook the following process to identify Major Transport investment;

- A call for projects (via press release, e-Bulletin, LEP web site, and email to known scheme promoters) was issued by the Black Country LEP (21 March to 17 May 2013).
- A bespoke application in the form of a Strategic Outline Case (SOCs) was developed and issued. A completed form was required from all scheme promoters for each proposal capturing the main proposal details.
- An independent panel appointed under the Homes and Communities Agency (HCA) Framework was recruited through a tendering exercise supported by the Black Country Transport Director and Officers.
- The panel undertook a detailed process confirming their findings in a report with a submission to the DfT in July 2013.
- Copies of all documents, including guidance, scoring, appraisal, panel recommendations and independent review can be made available upon request.

As the Strategic Economic Plan (SEP) covers a longer time frame than the devolved Major programme, the STB considered a number of additional schemes for inclusion in the SEP. In January 2014 the Black Country LEP supported the inclusion of two further major schemes; M5 J1 and the Snow Hill Lines, and two 'local' programmes; access to growth and managing short trips.



### 5.3 Skills Capital and other Local Growth Funded Projects Process of Prioritisation

In February 2014 the Black Country LEP launched an open call for Outline Business Cases for its 7 priority programmes areas. The Outline Business Case template required information on the government five case models – strategic case, commercial case, finance case, economic case and management case. The returned projects were appraised by an independent appraisal panel which applied a grading dependent on score with strategic fit, value for money, match funding and in particular delivery timescale and delivery risk management.

The EIU is playing an important role in developing the program framework for our Strategic Economic Plan. The framework seeks to ensure that all programmes of activity in the Black Country SEP are underpinned by a clear logic chain and rationale, one which defines the problem (e.g. a market failure), the objectives and the scale of planned change, the level of investment required, and the target outputs and outcomes.

The detailed programme templates for the Black Country Strategic Economic Plan were devised using Core Assessment Criteria as provided in the HM Government document entitled; Growth Deals: Initial Guidance for Local Enterprise Partnerships. To ensure the Black Country plan is a robust strategy for future local growth, it has been based around three core themes, as per Government guidance. These themes are:

#### **A – Ambition and rationale for intervention for the local area**

Within this theme the SEP has integrated evidence from a Black Country business with a list of strategic objectives and barriers for growth. Analysis has been provided relating to the scale of the challenge associated with each programme, including a baseline scenario and ambitions for future growth. A description of how the intervention will address the challenge is also specified with a list of projects associated with delivery.

#### **B – Value for money**

Levels of investment including secured, unsecured and match funding with sources is listed for each programme. A full listing of project activities and their resultant outputs, outcomes and economic impact along with Asks and Offers.

#### **C – Delivery and risk**

An Accountable body is listed for each programme along with a lead officer and key delivery partners. A full list of aligned local and European activity with funding amounts is also provided.

- 5.4 We have systems already in place to ensure we deliver value for money. The EIU has developed a methodology for a cost-benefit analysis which draws on frameworks developed by Price Waterhouse Company trialled in the City Deal process. The outputs from an activity are inputted and quantified/monetised into gross benefits. Using established additionally ratios and accounting for deadweight, displacements and leakage, the net benefits are calculated. We then can calculate the costs benefit ratio based on the discounted net benefits and discounted public costs.

## 5.5 Programme Appraisal

The Black Country LEP Board has supported the need to develop a project appraisal process and set of protocols to develop an agreed approach to programme appraisal for the Black Country SEP which embraces a Multi Criteria Analysis (MCA). The techniques of project financial and economic analysis and impact assessment would support the Black Country LEP in choosing between projects where resources, both financial and human, are limited.

We have used multi-criteria analysis (MCA) to establish a preference between project options by reference to an explicit set of criteria and objectives. These would normally reflect policy/programme objectives and project objectives and other considerations as appropriate, such as value for money, costs, social, environmental, equality, etc. An MCA approach to appraisal incorporates multiple criteria and does not focus solely on monetary values. MCAs would require “scoring and weighting” of the relevant criteria reflecting their relative importance to the objectives of the project. In constructing a multi criteria analysis scorecard and determining the weightings to be given to criteria the aim should be to achieve an objective appraisal of project options and consistency in decision making.

The main steps in the MCA process include:

1. Identifying the performance criteria for assessing the project
2. Devising a scoring scheme for marking a project under each criterion heading
3. Devising a weighting mechanism to reflect the relative importance of each criterion
4. Allocation approach to scoring each investment option for each of the criteria
5. Documentation approach to capturing the rationale for the scoring results for each option
6. Calculating the overall results and test for robustness
7. Reporting processes and interpretation of the findings

## 5.6 Equalities

The Black Country Single Growth Fund, in conjunction with our wider City Deal and EUSIF proposals, will deliver an economic growth agenda which is pro-actively inclusive of disadvantaged communities. Equality Monitoring will form part of routine monitoring procedures; however this will be within the context that individual projects are working

## 6. Statement on West Midlands LEPs Joint working

6.1 We are collaborating with other West Midlands LEPs to promote growth across the wider area. West Midlands LEPs is a collaborative quarterly forum of LEP chairmen sharing best practice and supporting a range of initiatives. All six West Midlands LEPs have agreed a joint transport statement and the relevant LEPs are represented on the shadow Integrated Transport Authority. We have developed a cross-LEP transport statement setting out our commitments alongside a number of asks of government. Our objectives are to:

- Enable movement between key employment sites, ports and airports;
- Provide good access to the area’s innovation ecosystem;

- Ensure that the motorway, trunk road and rail networks support the area's main freight and logistics locations.

We propose to do this by focusing on:

- The contribution to the economy of motorway junctions, managed motorways and better utilisation of the M6 Toll;
- How HS2 connectivity and investment in electrification and rail freight can help move people and goods;
- The part played by local highway improvements in enabling businesses to access the workforce and the strategic network.

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