

## **Cabinet – 13 March 2012**

### **Black Country City Deal**

<b>Portfolio:</b>	Councillor Bird, Leader
<b>Related portfolios:</b>	Councillor A. Andrew, Deputy Leader, Regeneration Councillor R. Andrew, Children's Services Councillor Harris, Leisure and Culture
<b>Service:</b>	Regeneration
<b>Wards:</b>	All
<b>Key decision:</b>	No
<b>Forward plan:</b>	No

#### **1. Summary**

- 1.1 In November 2012 the Black Country was invited to submit a City Deal Expression of Interest (EoI) on 15 Jan 2013. This report outlines what City Deal is and brings forward for Cabinet consideration the EoI that was duly submitted. Of interest to the Cabinet is the economic outcomes identified but also the robust cross Black Country governance arrangements and joint working necessary to achieve the sub-regional priorities agreed with the Government. This will have significant implications for the Black Country Council's and their partners.
- 1.2 In order to comply with the timescales set by government for submission the Director of Regeneration, in consultation with the Portfolio Holder Regeneration, agreed the Expression of Interest.
- 1.3 It was announced on Tuesday 20 February that the Black Country has been successful in progressing to the next stage of the City Deal process. The Black Country proposition was judged to be one of the strongest proposals so the offer has been made to fast track its progress with a handful of other cities. The timescale is a pitch to, and questioning by, the Ad Hoc Ministerial Group (chaired by the Deputy Prime Minister), with a July launch.
- 1.4 It has been agreed to investigate a Joint Committee of the four local authorities as the formal mechanism to take forward the initiative. On behalf of the Black Country the Chief Executive is responsible for leading on the development of governance arrangements and the Executive Director for Regeneration on skills. Sandwell MBC is leading on infrastructure and Dudley MBC on business competitiveness.

## **2. Recommendations**

- 2.1 That cabinet note the progress on the Black Country City Deal proposal and the timetable for progressing to a launch in July 2013.
- 2.2 Note the actions taken by the Executive Director Regeneration in agreeing, with the Black Country Consortium and its partners, the submission to Cabinet Office of Black Country City Deal Expression of Interest (Appendix 1).
- 2.3 That cabinet agree the Chief Executive and Executive Director Regeneration, in consultation with portfolio holders, participate in the Black Country negotiation with Government, and local partners, on the granting of freedoms and flexibilities for the Black Country, in return for local economic outcomes.
- 2.4 That cabinet agree the Chief Executive and Executive Director Regeneration, in consultation with portfolio holders, develop with Dudley, Sandwell and Wolverhampton City Councils working arrangements to deliver the City Deal proposal and sustainable mechanisms for its subsequent delivery, including robust governance arrangements.
- 2.5 That cabinet requests that further reports are brought forward as timely to update on progress and at the conclusion of the negotiation with the Government. The reports are to describe the freedoms and flexibilities in negotiation, the local outcomes to be achieved and recommendations on the governance arrangements to manage the Black Country partners' joint working.

## **3. Report detail**

- 3.1 In a letter dated 5 November 2012 the Black Country was invited to propose a city deal by the Financial Secretary to the Treasury, Rt Hon Greg Clark MP. City deals have been agreed by the Government with all eight of the Core Cities and the Black Country was invited as part of a second wave of Deals.
- 3.2 The primary objective of City Deals is to drive economic growth. Deals aim to give cities the powers and levers they need to drive local economies through the mechanism of a transaction between Government and cities, negotiated on the basis of ambitious requests and offers from both parties. Freedoms and flexibilities granted by government (including devolving powers) will be negotiated in return for economic outcomes from the cities (with efficiencies).
- 3.3 The Criteria for a Successful Expression of Interest
  - Strong and collaborative governance, so that decisions necessary for the growth of the area as a whole can be taken quickly and effectively:  
*Cities should demonstrate an understanding of the functional economic area, and be willing to build, or make good use of appropriate and robust governance arrangements. This should include readiness to pool budgets and to make cross-city decisions on spending based on agreed economic criteria. New arrangements should be agreed with the Local Enterprise Partnership(s).*

- Ability to harness significantly greater private sector input, expertise and resources:

*Proposals will need to unlock private investment and the private sector should be strongly engaged in the definition of the city's growth challenge.*

- Political commitment and readiness to put resources into delivering the deal:

*There should be a joined up approach across local policy areas, with senior level buy-in and engagement. Cities must be willing to accept risk alongside reward, including investing their own resources creatively.*

- Driving efficiency in the use of public money in the area and doing more with less:

*Government is looking for proposals that can create new jobs and growth and that will drive better outcomes with the same, or fewer resources.*

- Demonstrating the leading edge of the Government's general economic strategy – to reduce regulation, create well functioning markets and promote an enabling environment for business and boost private sector growth and investment:

*Propositions should address a clearly defined economic problem or opportunity and be based on evidence and insight. Proposed solutions should be of significant scale and have an explicit ask of government that cannot be achieved through existing mechanisms.*

#### 3.4 The Black Country Expression of Interest

3.5 The Black Country Expression of Interest was drafted by consultancy 'Shared Intelligence', working under the direction of the Black Country Consortium and a reference group comprising the regeneration directors from the four local authorities and other officers.

3.6 The economic priority agreed for the City Deal is to tackle low productivity. Within this broad theme high value manufacturing has been chosen to give the proposal local distinctiveness and a clear priority to work toward. To address this priority the Expression of Interest has been developed under two main work themes:

- Employment Sites
  - addressing the lack of suitable, occupiable/developable sites,
- Skills
  - addressing the lack of skills employers need in the high value manufacturing sector.

3.7 Whilst the Expression of Interest has a specific focus the partners have been advised that once the bid is approved it will pave the way for a discussion with central government on a wider range of business sectors and skills needs. If successful at the expression of interest stage freedoms and flexibilities would be agreed, after extensive negotiation with the Government.

### 3.8 Announcement on progression to the next stage

3.9 It was announced on Tuesday 20 February that the Black Country was successful in moving on to the next stage of the City Deal process. The bid was very well received and as one of the strongest proposals the offer has been made to fast track its progress, with a handful of other cities.

3.10 Feedback from the Cabinet Office outlined the strengths of the Black Country proposal and areas for development. It also gives the revised timetable under the fast track provisions:

- End of April – final draft of 20 page proposition (included as Appendix 2) to cabinet office
- Early May - run through session with Financial Secretary to the Treasury, Rt Hon Greg Clark MP
- Mid May - pitch and questioning at the Ad Hoc Ministerial Group (chaired by the DPM), made up of the Secretary of State & Ministers relevant to the city deal policy areas
- July - Launch of successful City Deal

3.11 It has been agreed to investigate a Joint Committee of the four local authorities as the formal mechanism to take forward the initiative. On behalf of the Black Country the Chief Executive is responsible for leading on the development of governance arrangements and the Executive Director for Regeneration on skills. Sandwell MBC is leading on infrastructure and Dudley on business competitiveness.

### 3.12 Systems Thinking / Improvement Agenda

3.13 To be effective the freedoms and flexibilities negotiated with government must directly relate to what we know businesses need to maintain and grow their businesses and Walsall people need in order to gain employment. This sounds obvious but the work we have done with other councils on employment sites shows that our understanding to date has been partial and not in full knowledge of what our customers need. As a result we are working directly with land owners, agents and investors to ensure that we know exactly what the barriers are to achieving the right sort of development in the right place and time; designing our services against demand. In the same way we are looking to understand better what people need to take up the opportunities that business growth will provide. Walsall is well advanced in this work and has been encouraging our partners to see if this approach will assist them in their boroughs.

3.14 The submitted version of the bid is attached to this document as Appendix 1. The template for the next phase of work is attached to this document as Appendix 2.

#### **4. Council priorities**

City Deal primarily addresses the Council priority to support the growth of businesses and assist Walsall residents into work, and better work.

#### **5. Risk management**

Submission of the EoI does not commit the Council to any use of resource therefore the risk is considered low. However, practicably, it would now be difficult for Walsall to withdrawn from the negotiation without suffering reputation damage.

#### **6. Financial implications**

None at present. Implications will emerge as the negotiation with Government progresses to the City Deal agreement which is expected to be completed in July 2013.

#### **7. Legal implications**

None at present. Implications will emerge as the negotiation with Government progresses to the City Deal agreement which is expected to be completed in July 2013.

#### **8. Property implications**

None at present. Implications will emerge as the negotiation with Government progresses to the City Deal agreement which is expected to be completed in July 2013.

#### **9. Staffing implications**

None at present. Implications will emerge as the negotiation with Government progresses to the City Deal agreement which is expected to be completed in July 2013.

#### **10. Equality implications**

None at present. Implications will emerge as the negotiation with Government progresses to the City Deal agreement which is expected to be completed in July 2013.

#### **11. Consultation**

Within Walsall consultation has been with Children's Services, Walsall College, Neighbourhood Services and private sector providers. The ability to secure change in the EoI in response to consultation has been limited due to sub-regional arrangements for its drafting, the manner of the discussions with Cabinet Office on the early drafts and the advice given by our advisors on the tactics necessary to secure progression through to the next stage, when detailed negotiation will commence.

## Background papers

- Invitation letter to the Black Country to propose a City Deal, from the Financial Secretary to the Treasury, Rt Hon Greg Clark MP.
- Office of the Deputy Prime Minister - [Wave-2-city-deals](#)
- Treasury - [Treasury city deal bulletin](#)
- 'No Stone Unturned, in pursuit of growth', by The Rt Hon the Lord Heseltine of Thenford CH - [no-stone-untuned-in-pursuit-of-growth](#)

## Appendices

- Appendix 1 - Black Country City Deal Proposal:  
Built in the Black Country: Sold Around the World
- Appendix 2 - City Deal: Wave two, Negotiation Document, Cabinet Office/BIS
- Appendix 3 - City Deal Feedback from Cabinet Office

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Tim Johnson  
Executive Director  
Regeneration

13 March 2013



Councillor Bird  
Leader

13 March 2013

## Black Country City Deal: Proposal Built in the Black Country: Sold Around the World

### Section A: Summary Information (1 page A4)

**A1. Proposal Title** : - "Built in the Black Country: Sold Around the World"

#### **A2. Key Partners Involved in the Proposal**

The lead partners involved in developing this proposal are the Association of Black Country Authorities (ABCA) and the Black Country Local Enterprise Partnership (LEP). We have the benefit of a mature set of partnership and governance arrangements which have taken difficult decisions on behalf of the area over a 10 year period, including developing our Core Strategy (which conforms with the NPPF and identifies our growth opportunities) and an enterprise zone which has sites in only two of the four boroughs and required a financial agreement with a neighbouring LEP. Our work is supported by high quality evidence and data and a rigorous Performance Management Framework published through our renowned State of the Black Country reports. We are committed to strengthening these arrangements to deliver the City Deal.

We are working with a broad range of other partners to develop this deal including individual businesses which are fully engaged. Paul Linton from HUF UK chairs our LEPs, Employment and Skills Board, members of which include ZF Lemforder, Chamberlin plc., Thyssen Krupp, the Chamber of Commerce, FSB, an aerospace and automotive recruitment specialist, DWP and the SFA. We have worked closely with Wolverhampton University and further education colleges across the Black Country in developing this proposal and they share both our ambition and the proposed approach.

#### **Our ambition**

The Black Country is striving to attract investment in High Value Manufacturing (HVM) as a catalyst for the wider economic growth of the area. The results so far are impressive, with major investment from global companies such as Jaguar Land Rover (securing a 1<sup>st</sup> phase investment of £350m and 750 jobs), as well as retained investment from global companies such as Moog and ZF Lemforder. The aerospace sector continues to grow, with Marston's aerospace growing by 5% a year. This presents a unique opportunity to grow significantly the high value manufacturing (HVM) sector and its supply chain in the Black Country. Unless this opportunity to expand is seized now, the potential economic growth – for the local and national economy through urgent exploited supply chain expansions – will be lost.

Our ambition is to increase our GVA from HVM by a total of £3.1bn underpinned by 75,000 jobs. This builds on the Black Country's track record in designing, building and exporting components and products such as aircraft control systems, turbo technology and an extensive range of automotive components (to be found in all the top global brands from Land Rover, Mini, Mercedes to the Bugatti Veyron). Manufacturing is more significant in the Black Country economy (15% of companies and 21% of the workforce) than it is nationally (8% of companies and 13% of the workforce).

We plan to achieve our objective by providing a bespoke service and an enabling environment to help companies to consolidate, develop and grow by ensuring they have access to a skilled workforce and major sites and modern premises. We are seeking funding flexibilities and licensed exemptions from government policy to enable us to provide this service.

**A3. Local Point of Contact.** Sarah Middleton Chief Executive Black Country Consortium Ltd., The Deckhouse, Waterfront West, Dudley Road Brierley Hill DY5 1LW. Telephone 01384 471102; Mobile 07824 415245; email sarah\_middleton@blackcountryconsortium.co.uk

### Section B: Problem Definition (2 pages A4)

**B1. What is the single economic challenge or opportunity that you want to address through a city deal? Why has this been chosen as the focus of your proposal?**

The focus of our City Deal reflects our work with companies in the HVM sector.<sup>1</sup> It is intended to meet the needs of potential investors in this sector by ensuring the availability of an appropriately skilled workforce and suitable sites and premises. We are also determined to ensure that people living in the Black Country are well placed to benefit from the growth in this sector.

Businesses in the Black Country LEP's priority sectors (particularly HVM) have identified 15 key skill gaps ranging from CNC, PLC and CAD programming skills to bespoke skills for electrical engineering. Companies such as UTC Aerospace & Turner Power Train report strong annual growth but increasing difficulty in recruiting skilled staff. Research in the enterprise zone area has identified skill gaps in casting, but local colleges do not have the equipment necessary to run appropriate courses. Businesses also express significant dissatisfaction with the work-readiness of people leaving full time education. There is a need to raise aspirations for level 3 and 4 qualifications against a legacy of low skills (52% of the working age population are only qualified to level 2 or below and 13% of 25-49 year-olds have no qualifications) and in the light of the fact that 61% of schools perform below the national average, including 15 of our 28 academies.

There is also a shortage of major quality sites to facilitate the provision of modern premises with good access and infrastructure. This reflects the geography and dense urban nature of the Black Country and a range of factors including fragmented land ownership, high remediation and development costs, difficult borrowing conditions and other market failures.

## **B2. Why can't this be taken forward by the private sector or through existing policy tools?**

Addressing our skills gaps is a long standing priority and we have a track record of innovation and early adoption of new approaches. For example there is one University Technology College in the area (in partnership with Siemens) and a second due to open in 2014. Other initiatives underway include: the Skills Factory (a GIF pilot) the Enterprise Zone Skills Plan and a partnership with Aston University to develop a Centre for Advanced Manufacturing. A number of other schools are developing an engineering focus. In addition many of the councils are pursuing local initiatives, such as Walsall Works and Think Local in Sandwell. Despite these initiatives there is an urgent need to:

- increase employer engagement with young people and schools to promote careers in HVM and address the issue of work readiness;
- significantly improve the capacity of skills providers to meet the needs of HVM including, creating centres of excellence; and
- Up skill the existing workforce to meet growing demand and increase the number of advanced and higher apprenticeships (HVM currently accounts for 21% of jobs, but only 7% of apprenticeships).

We are exploring the potential contribution of Apprenticeship Grant for Employers (AGE) and Employer Ownership of Skills Pilots, however our work with employers and providers shows that:

- the HVM sector is very diverse and requires very targeted investment to meet the specific needs of particular employers who are operating locally with global demands.
- the AGE incentive is not sufficiently flexible to reflect the cost pressures in different sectors and the time needed to develop an apprentice particularly in HVM;
- Employer Ownership pilots will not provide the full coverage across HVM and are seen by the employers we work with to be very bureaucratic;

The imperative to secure more apprenticeships at Level 4 and above is heightened by the capping of the number of students in Higher Education which limits its ability to meet the skill needs of HVM.

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<sup>1</sup> We are using the Technology Strategy Board definition of high value manufacturing: "HVM is the application of leading edge technical knowledge and expertise to the creation of products, production processes, and associated services which have strong potential to bring sustainable growth and high economic value to the UK. Activities may stretch from R&D at one end to recycling at the other."



Our discussions with HVM businesses and FE colleges across the areas have identified the following obstacles to meeting the training needs of HVM employers:

- A key group of employees for the sector (adults and those who wish to undertake a second level 2 or 3 programme) is not eligible for funding. This is a serious disincentive for employers who need to up-skill their workforce;
- The cut-off for SFA funding for workplace learning is 250 employees, compared with 1,000 for ESF funding;
- It is difficult for providers to secure funding for niche courses which often involve a single module rather than a full qualification and which employers need to be available quickly and for relatively small groups of employees (For example, JLR have a pressing need for people with Programmable Logic Controller (PLC) skills. This is business critical, but does not require a full qualification);
- The processes involved in accrediting bespoke courses as formal qualifications are very complex and the cost of installing equipment to meet some HVM training needs is very high.

It is important to note that the Black Country economy is dominated by SMEs and supply chain activity. Many of these companies simply do not have the resources to run an apprenticeship programme, are reluctant or unable to invest in training and find the current pattern of skills provision exceptionally fragmented and confusing.

The UK Commission for Employment and Skills National Employers Skills Survey (2011) highlights reasons why the private sector cannot respond currently: low number of applicants with the required skills (41%) and a lack of qualifications matching company needs (27%); Skills found difficult to obtain include: technical or practical skills (66%), job specific skills (64%), planning and organisational skills (42%) and problem solving skills (41%). This is further exacerbated by funding stream complexity and viability issues due to small niche skill requirements.

Despite the fact that the Black Country Core Strategy highlights the importance of making large sites available and the completion of the Black Country Local Brownfield Strategy, the area's industrial legacy and weak market conditions mean that little progress has been made in making sites available that meet the requirements of leading HVM manufacturing companies. Even as the UK economy improves, it is unlikely that values in the Black Country industrial property market will harden sufficiently to incentivize private sector developers to assemble sites for development for the HVM sector.

More effective collaboration between the public and private sectors is crucial in addressing this challenge. The Black Country Councils are keen to use their own assets and their CPO powers more effectively, and in collaboration with the HCA (which has more flexible powers). In order to do so they require more confidence that there is a long term funding mechanism in place to support the development of a pipeline of sites across the region.

## Section C: Broad Approach (2 pages A4)

### C1. What broad approach do you intend to take to addressing the challenge or opportunities identified above?

We are committed to improving and developing our approach to supporting businesses in the HVM sector so they can exploit current real growth opportunities such as JLR expansion by integrating a response on skills and sites requirements in parallel. The LEP's growth strategy will provide the strategic context for this. In order to ensure the availability of a suitably skilled work force and appropriate sites we need an ability to use existing funding streams more flexibly to meet the specific needs of HVM companies.

We will develop a new package to meet the training needs of HVM companies, including:

- more advanced apprenticeships in engineering and manufacturing, supporting the progression from level 2 to level 3 and level 4;
- funding for SMEs in the HVM sector to train and retrain their staff in NVQs in topics such as Mechanical Manufacturing Engineering and Engineering Technical Support for which there is a pressing need;
- collaboration between providers and businesses to secure investment in the equipment necessary meet HVM training needs;
- a suite of self-standing modules and units which can be made available quickly in response to specific training requirements (such as PLC, CNC or CAD).

This will be driven by a new Partnership for Excellence in Education and Skills with an ability to align and target national and local resources, flex national initiatives such as the Innovation Code and Employer Ownership pilots and exploit licensed exemptions from national policy exclusively available to HVM.

We will generate closer engagement between business and schools. We would encourage employers to serve as school governors and to work with employer school governors to strengthen their contribution to school improvement. The partnership would also develop a programme building on the work of the Black Country Local Leadership Agency to put inter-school collaboration and school to school improvement support on a more comprehensive, proactive and sustainable footing.

We would establish a Black Country Land Development Fund (BCLDF) to generate a pipeline of high quality employment sites for HVM businesses. It would prioritise sites for HVM businesses based on GVA potential and direct locally pooled economic development funding to those sites.

Key to the success of this fund would be the availability of a long term funding stream to enable us to fill the gap between the total cost of bringing forward sites, the resource the local authorities are able to invest and what we envisage the private sector would be prepared to invest through enhanced confidence. We are keen to act as a pilot for early implementation of the conclusions of the Heseltine Review to pool and target economic development resources to fill this gap and have made a direct approach to Lord Heseltine on this matter.

### C2: How can this approach 'do more with less' by delivering greater efficiency in public spend or by leveraging new resources from the private sector?

The EFA and SFA currently invest £227m a year in post-16 education and in education and training for 19-25 year olds in the Black Country. We are seeking an ability to target and vary the use of a proportion of that investment to develop provision which better meets the needs of the HVM sector. For example we estimate that the cost of increasing the number of apprentices in HVM (to match that sector's share of the local labour market) is around £10mpa. If we simply had an ability to redirect the current SFA "under spend" of £2m that would enable us to begin this shift in spend and create the conditions in which Black Country employers are more likely to invest in education and training. We are confident that the flexibility requested below in relation to adult eligibility for funding would not require additional resources, but could be funded by redirecting existing resources to meet the needs of the HVM sector. These initiatives would complement our separate suggestion to Government that we should have more influence over the functions of Job Centre Plus to enable us to be more responsive to the labour supply needs of existing employers and to be better able to stimulate inward investment.

An analysis of illustrative sites at 6 locations suitable for HVM companies suggests that public investment of £72m would leverage private sector investment of £169m generating 4,200 jobs. Our analysis further suggests that this would secure double this level of investment and jobs in the supply chain. A first phase from this illustrative portfolio includes the 2 examples of: Opus Blueprint, a 44,000 sq.m scheme at M6 junction 9 suitable for HVM by 2014. £5.5m of public sector investment (Sandwell £2.5m and GPF £3m) would lever £21.7m private sector investment. The Westside sites in Wolverhampton would accommodate 20,500 sq.m of business space which would be available in 2014. £12m of public sector investment (Wolverhampton £7m and GPF £5m) would lever in £46m of private sector investment. To secure the public sector contribution we have assumed that £40m is available from pooled national economic development funding<sup>2</sup>. The ability of the authorities to contribute to these costs through prudential borrowings hinges on their ability to retain the non-domestic rate generated by these schemes (or the development of an alternative model to bridge the gap). It is important to note that these sites are underutilised and currently generate little or no business rate income. There is an urgent need to bring forward these sites to an "oven ready" position, new investment in the HVM sector simply will not wait for Black Country to remediate its brown field land supply.

### **C3. What local resources do you expect to invest in addressing this problem?**

We are already ramping up our offer to the HVM sector to take advantage of the current opportunities including aligning funding as much as current policy allows. This builds on a track record of collaboration, including the bringing together all inward investment enquiry handling under the remit of *Invest Black Country*. Agreeing the City Deal would enable us to take this much further.

As part of our contribution to the deal we would:

- align our investment in training and apprenticeships to complement the more integrated and locally tailored use of government investment in this area;
- align our capacity to support the work of the education and skills partnership and manage the land development fund;
- explore with businesses the scope for creating incentives such as guaranteed job interviews for people who complete training in priority areas (such as PLC);
- create the conditions for significantly greater employer engagement in schools, including through more business people serving as school governors and the provision of more support for them;
- give priority to bringing forward sites owned by local councils and other parts of the public sector as part of a prioritised pipeline of sites; actively supporting increased business investment in education and training, and building a culture of doing so, by for example peer support and mentoring for small businesses.

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<sup>2</sup> Currently RGF and GPF

## Section D: Expected benefits (1 page A4)

### How do you expect your proposal to have an impact on local jobs and growth, and at what scale?

Delivering our ambition for the growth of High Value Manufacturing would act as a catalyst for broader economic growth in the Black Country underpinning the implementation of our growth strategy.

By 2030 our strategy for HVM will:

- employ 75,000 people in the HVM sector;
- almost double GVA output in the sector, taking it to £6.6bn;
- increase GVA per employee in the sector by 125% and increase disposable incomes by £3,000 per employee; and

We will also secure:

- double the current number of apprentices in HVM (1,400) by 2015-16;
- an additional 1,500 adults per year participating in HVM skills programmes;
- increased business spend on training and engagement with schools, colleges and other training providers; for example £10m on apprenticeships; and
- secure significant private sector leverage from the land development fund for example our example from our portfolio of 6 sites; £72m of public investment would leverage private sector investment of £169m generating 4,200 jobs.

Our goal is to create an additional **97,000 jobs** by 2026 with an ambition to achieve 22,000 of these by 2016.

In order to deliver this ambition our core asks of Government through the City Deal are to:

- enable us to pool and target government resources at a Black Country level to fund a bespoke apprenticeship programme which meets the needs of HVM;
- agree to a number of licenced exemptions from policy to enable us to respond quickly to the training needs of individual HVM businesses: including funding for bespoke modules and eligibility for funding, for the HVM sector only, for adults aged 24 and those requiring level 3 and 4 skills;
- facilitate improved information and data on skills investment and outcomes in the area;
- enable us to act as an early pilot of the Heseltine review recommendations to pool and target economic development resources to support a Black Country Land Development Fund (in line with our separate offer to government to be an accelerated pilot of his recommendations);
- consider the use of the retention of business rate increases to support the local government's investment in the fund;
- help us to de-risk private sector investment in land and training.

The Black Country has developed its own performance management framework and systems which form an integral component between our key economic and spatial plans. It provides the golden thread of measuring the impact of delivery on our collective strategic ambitions and measures our progress against a clear set of SMART strategic objectives.

We look forward to discussing in detail these benefits, our underpinning Black Country Performance Management Framework and the steps needed to secure them in detail with government during the next stage of developing our City Deal. We envisage this including further exploration of financial models to support the operation of the land development fund.

Having established our Local Transport Board, we are working with the Greater Birmingham and Solihull LEP and Birmingham City Council on a Transport City Deal which is also important in terms of our ability to secure sustainable economic growth in the Black Country.

## Section E: Governance (2 sides A4)

### E1. Over what geographical area will you address this problem? Why?

We are proposing that the deal should apply to the Black Country, which embraces four metropolitan councils: Dudley, Sandwell, Walsall and the City of Wolverhampton and has a population of over 1.1m.

The case for this being a functional economic area was established in the lead up to the creation of the Black Country Local Enterprise Partnership. This also builds on a history of a political and organisational infrastructure at this level built around the Association of Black Country Councils and supported by the Black Country Consortium. ABCA is particularly important in providing a framework for close working between the leaders and chief executives of the four Black Country Councils.

In recent years other sectors have begun to operate at a Black Country level including, for example, schools (through the Black Country Local Leadership Agency) and Further Education Colleges. The four Black Country Councils recognise the need for activity at the wider West Midlands conurbation level and collaboration with the Greater Birmingham LEP and City Deal. They are active members of the West Midlands Joint Committee and Integrated Transport Authority and are involved in discussions about the establishment of a West Midlands Combined Authority to address transport issues across the conurbation.

### E2. What governance structures will ensure effective, binding and strategic decision-making across the relevant economic area?

We are confident that the Association of Black Country Authorities and the Local Enterprise Partnership provide a firm foundation for the governance of our city deal. Together they provide a mechanism for binding decision-making and we have a track record of taking difficult decisions in relation to, for example the Joint Core Strategy and Enterprise Zone. These arrangements have withstood changes in political control.

We are keen, however, to use the opportunity presented by the city deal to strengthen these arrangements and put in place stronger and more visible governance arrangements. We would use the negotiation stage to explore what this might involve. We are aware, however, that legislation currently prevents the four councils from being in more than one combined authority or a combined authority and ITA. More significantly we do not wish to take any action which would prejudice collaboration at a wider West Midlands level, particularly in relation to transport. In these circumstances one option could be the establishment of a Black Country statutory joint committee to streamline ABCA's binding decision making processes.

ABCA are also happy to:

- continue to explore the case for establishing stronger governance arrangement at a West Midlands level including a Combined Authority at a West Midlands metropolitan level to focus of transport; and
- in the light of the outcome of the above, carry out a governance review either at a Black Country or West Midlands levels to agree a longer term solution.

To illustrate some of our binding Black Country decisions the following two examples are provided;

**Black Country Enterprise Zone** - *Investment pooling has been agreed between the LEP and ABCA. Due to part of the land being within another LEPs boundary agreements have also been reached with a neighbouring LEP and a further billing authority. All the generated receipts will be pooled into a Black Country Investment Fund and a series of criteria developed to ensure that it is deployed to support the Black Country's economic priorities and in particular, to release key sites for further business development which require key infrastructure.*

**Black Country Core Strategy** - *The four Black Country Local Authorities agreed to produce a Core Strategy in partnership with the business and wider community. The Core Strategy replaced four individual Development Plans and was adopted in February 2011. The Core Strategy was developed with a single*

*team approach which began with the earlier establishment of the Black Country Vision and objectives in 2003. collaborative work on Planning has continued with the development of a business led approach to a Business Friendly Planning Charter and a commitment to a unified LEP area process for Planning Applications.*

In the short term we envisage that ABCA or a Joint Committee working closely with the LEP would:

- provide governance of the proposed BCLDF;
- appoint the local authority members of the Partnership for Excellence in Education and Skills, which would also include representatives from schools, colleges and other providers as well as the employers.

### **E3. How will you generate momentum in developing a workable city deal proposal?**

The case for securing a Black Country City Deal has the active support and engagement of the council leaders, LEP Board members and council chief executives. A range of partner organisations are also committed to the approach, including college and school leaders. Within local government the expression of interest has cross-party support. We are confident that this high level engagement will generate and maintain the momentum necessary to develop and ultimately implement the deal.

The Government is committed to rebalancing the economy. The Black Country, the place which makes and exports a wide variety of products, is well placed to lead the growth in high value manufacturing. There is currently a real opportunity to secure this growth and our city deal is designed to capitalise on it. Help from government through the city deal to use existing resources more flexibly to enable the development of a skilled workforce and ensure the supply of major sites will help us to achieve our ambitions for a growing Black Country HVM sector and continue the supply of goods - ***Built in the Black Country: Sold around the world.***

UNCLASSIFIED

## City Deal: Wave two Negotiation Document

This will be an evolving document designed to support the negotiation of your City Deal. When complete this document will bring together the salient evidence underpinning your City Deal policy proposals and will underline the case for taking a different approach. This document also enables you to set out which aspects of the Core Package you wish to access.

This document contains six sections. Sections 1 to 4 should be prioritised over the coming months in advance of your appearance before the Ad-hoc Ministerial Group (AMG). The remaining sections (5 and 6) should be your focus after the AMG. **The Cities Policy Unit and BIS Local will work closely with you over the coming months to complete this negotiating document.**

**Once complete this document should not exceed 20 pages.**

### Section 1 - Local economic context

*This section should set out: the economic context within your LEP area i.e. your economic vision; key economic challenges and opportunities; how your LEP Economic Strategy is seeking to address these; and the role your City Deal will play in supporting the delivery of this strategy. It will build on section B in your initial proposal document and include:*

- Brief summary of the economic challenges and/or opportunities within your functional economic area and how your LEP Economic Strategy is seeking to tackle these.
- More detailed analysis of the key economic challenges and/or opportunities that you are seeking to address through the City Deal.
- Clarity on the outcomes you wish to achieve via the City Deal.

### Section 2 – City Deal policy proposals

*This section will clearly describe the package of proposals you want to negotiate through the City Deal. This should include (i) proposals to tackle the economic challenge or opportunity you outlined in your expression of interest and (ii) any additional proposals, using the core package, which will support your wider economic strategy. Policy proposals will develop as you work with the Cities Policy Unit and Government Departments, but in the first instance will build on section C in your initial proposal document. This section should include:*

- **Flagship policy:** Provide a detailed description of your preferred policy proposal(s) for addressing your main economic challenge and/or opportunity including:
  - Reasons for selecting this as the preferred proposal(s)
  - Description of the policy levers you seek to use
  - Preferred delivery vehicle
  - Asks from government
  - Offers from City Deal area
  - Contribution from the private sector
- **Wider Package:** If you wish to use the Core Package to support the delivery of other key priorities within your wider economic strategy you will need to identify which policy levers from the Core Package you wish to access and a rationale as to how they will support delivery of these priorities.

### **Section 3 – Impact of policy proposals**

*This section will build on, and develop in much more detail, section D in the initial proposal document. It is designed to explore the costs and benefits of your policy proposals that seek to address both: your main economic challenge and/or opportunity; and priorities within the wider economic strategy. Each proposal should include a baseline and projections for a “do nothing” option. You must also be able to provide evidence to support your estimated impacts. The Cities Policy Unit will provide support for you in this process. This section should include:*

- Estimate project costs including: administrative and transition costs; costs to users, costs to business; cost to the Government; and cost to local partners.
- Clarity on the target groups that will be affected.
- Qualitative description of the expected impacts to both local areas and Government.
- Where possible, quantification of expected impacts to both local areas and Government.
- Where possible, monetisation of expected impacts to both local areas and Government.
- Explain how the policy proposals will deliver impacts, over and above, what could be achieved using existing powers and/or resources – what is the additionality?
- Highlight risks and sensitivities which may impede delivery of each policy proposal.
- Explain the contribution the private sector will be making toward the delivery of each policy proposal.

### **Section 4 – Governance**

*This section will build on, and develop in much more detail, section E in the initial proposal document. The structure of your governance model should be clear and provide reassurance that it will enable the delivery of your City Deal. This section should include:*

- The type of governance model and its legal form.
- How the model will be implemented, including a timeline for this process.
- The powers and responsibilities vested in the governance model – including financial responsibilities. How this model will complement and/or replace existing governance arrangements e.g. LEPs, LTBs etc.

### **Section 5 – Implementation**

*This section will be the focus of work after your AMG, when you turn policy into detailed steps to deliver stated outcomes through a City Deal Implementation Plan. This section should include:*

- Detailed proposals assigned to named individuals.



- Outputs and outcomes with trajectories and frequency for reporting data.
- Milestones.

### **Section 6 – Outcomes tracking**

*This section will note the measures you plan to put in place for measuring and tracking performance against outcomes. It will also include options for generating policy learning through evaluation.*