

**TELFORD AND WREKIN COUNCIL**

**CABINET -11<sup>th</sup> JANUARY 2011**

**MARCHES LOCAL ENTERPRISE PARTNERSHIP**

**REPORT OF HEAD OF ECONOMY AND SKILLS**

**PART A) – SUMMARY REPORT**

**1. SUMMARY OF MAIN PROPOSALS**

- 1.1 In response to a government invitation for ‘partnerships of local authorities and business’ to establish Local Enterprise Partnerships, the Marches Local Enterprise Partnership proposal was submitted on behalf of Herefordshire, Shropshire and Telford and Wrekin. That proposal was endorsed by the Government on 28<sup>th</sup> October 2010. This report seeks Cabinet approval to involvement in the Partnership, and seeks delegated authority to endorse a bid to the Regional Growth Fund to help the Partnership deliver its priorities.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet exercises the discretionary powers under Section 2 of the Local Government Act 2000 (promotion of wellbeing) in agreeing the recommendations in this report;
- 2.2. To endorse the Council’s involvement in the Marches Local Enterprise Partnership;
- 2.2 To delegate authority to the Corporate Director following consultation with the Cabinet Member for Housing Regeneration and Prosperity, to approve and submit and/or support bids for funding to the Regional Growth Fund.
- 2.3 To grant delegated authority to the Head of Economy and Skills to undertake all steps to progress development of the Marches Local Enterprise Partnership.

**3. SUMMARY IMPACT ASSESSMENT**

**IMPACT ASSESSMENT AT A GLANCE**

**COMMUNITY IMPACT?**

Do these proposals contribute to specific Priority Plan objective(s)?

	Yes	<i>Supports the delivery of all objectives within the Housing, Regeneration and Prosperity Priority Plan</i>
	Are there any measures that will be used to show the proposals are making a difference?	
	Yes	<i>A 2011/2012 business plan for the Marches Local Enterprise Partnership is being developed, specifying performance measures and outcomes</i>
	Will the proposals impact on specific groups of people?	
	Yes	<i>The Marches Local Enterprise Partnership will support the development of the local economy for the benefit of businesses and residents in or seeking employment</i>
<b>TARGET COMPLETION/DELIVERY DATE?</b>	The Marches Enterprise Partnership will be operational from 1 <sup>st</sup> April 2011, Regional Growth Fund project proposals will be delivered as specified in those proposals	
<b>FINANCIAL (VALUE FOR MONEY) IMPACT?</b>	Yes	<i>Telford and Wrekin's engagement in the Marches Local Enterprise Partnership may have financial implications for the Authority. The governance, partnership and funding agreements have yet to be established and so it is not possible to assess the full financial impact and risks at this stage. Financial support will be provided as required. Please see paragraph 5.5 for further finance comment.</i>
<b>LEGAL IMPACT?</b>	Yes	<i>The Marches Enterprise Partnership has no legal status in its own right at the present time. Legislation regarding Local Enterprise Partnerships is still awaited. The Council has power to submit and/or support bids for Regional Growth Funding by virtue of Section 2 of the Local Government Act 2000 (the wellbeing powers). Please see below for further legal comment.</i>
<b>OTHER RISKS &amp; OPPORTUNITIES?</b>	Yes	<i>The Marches Local Enterprise Partnership offers the opportunity to secure additional powers and resources to deliver effective economic regeneration</i>
<b>IMPACT ON SPECIFIC WARDS?</b>	No	<i>The Marches Local Enterprise Partnership offers the opportunity to develop the economy of the whole Borough more effectively</i>

## **PART B) – ADDITIONAL INFORMATION**

### **4. INFORMATION**

- 4.1 A report to Cabinet on 14<sup>th</sup> September 2010 set out details of a proposal submitted to Government to establish a 'Local Enterprise Partnership' for Herefordshire, Shropshire and Telford and Wrekin – the Marches Enterprise Partnership. Cabinet endorsed the outline proposal and agreed to further development and implementation of that proposal if endorsed by government. The Marches Enterprise Partnership was endorsed by the Government on 28<sup>th</sup> October 2010.
- 4.2 The Partnership Board is private sector led, comprising the three Local Authority Leaders; three (private sector) business board Chairs, and an independent private sector Chair. This is an executive model, with business engagement through the business boards, including the Telford and Wrekin Business Board. The Board has been meeting on a monthly basis, has established business planning groups, held a business forum, and co-ordinated a proposal to the Regional Growth Fund. At the time of writing, the process of recruiting a Chair was underway.
- 4.3 Business Planning Groups have been established to help develop a three year Business Plan which will commence on 1<sup>st</sup> April 2011. These groups have developed priorities for each of the themes of the Partnership proposal: enterprise; transport and infrastructure; employment, education and skills; planning and housing; and sustainability. These emerging priorities were discussed at a business forum on 18<sup>th</sup> November 2010 attended by businesses from across the Marches area. The strategic leadership theme will be developed by the Board following appointment of a Chair. A summary of these emerging priorities is attached at Appendix 1.
- 4.4 The Marches Enterprise Partnership proposal supports the Council's Housing Regeneration and Prosperity Priority Plan objectives which contribute to the Sustainable Community Strategy Vision of "A successful, prosperous and healthy community which offers a good quality of life for all the people of Telford & Wrekin":
- Encouraging Investment, Innovation and Growth
  - Promoting the Area as a Business and Leisure Tourism Destination
  - Improving Adult Skills to Meet the Demands of a Growing Modern Economy
  - The Renaissance of the Town Centre
  - Revitalising and Conserving the Borough Towns
  - Securing Sustainable Housing Development
  - Ensuring Communities have a Sustainable Future through Housing led Regeneration

#### Partnership involvement implications

- 4.5 There are no additional resources available to support Local Enterprise Partnerships. The Marches Local Enterprise Partnership is an executive and co-ordinating body supported by the three Local Authorities involved. In order to manage resources including external funding, governance arrangements will need to be agreed. This could involve the establishment of a separate legal entity; one Authority acting as an 'Accountable Body' on behalf of the Partnership; or accountability split between the three participating Authorities. The Partnership Board has decided not to take a decision on governance until a Chair has been appointed. A further report will be presented to Cabinet seeking endorsement of the governance model proposed.
- 4.6 To support administration (including expenses for the appointed Chair), each Authority has committed £10,000 per annum. This will be drawn for the Council's existing economic development budget.
- 4.7 Involvement in the Marches Local Enterprise Partnership will have direct implications for the economy and skills functions of the Council. The government has made it clear that Local Enterprise Partnerships will be the sub national mechanism to support businesses to create jobs. The Authority cannot therefore deliver economic development and employment support in the Borough without actively participating in a Local Enterprise Partnership. Despite additional resource implications, as the Marches Enterprise Partnership develops, there is the potential for more efficient and effective delivery of services through the collective economic development and skills resource of the three participating authorities and other agencies. Local Enterprise Partnerships are also intended to enable the business community to engage more effectively in development that creates the conditions for economic growth. In particular, the Marches Enterprise Partnership will bring a business voice to planning, housing and transport development in the Borough. An officer co-ordinating group has been established in the Council to develop appropriate mechanisms.
- 4.8 To deliver the Borough's economic priorities, the Authority will continue to work with partner organisations outside the Marches Enterprise Partnership, in particular working with the Black Country in developing and delivering skills and manufacturing support. Participation in the Marches Enterprise Partnership does not preclude such work now, or in the future.

#### Regional Growth Fund proposal

- 4.9 The Government has established a £1.4bn Regional Growth Fund to support initiatives that help create private sector jobs, to compensate for anticipated job losses in the public sector. Details of the Fund were set out in the White Paper 'Local Growth: realising every place's potential' published on 28<sup>th</sup> October 2010. The fund will cover a three year period commencing April 1<sup>st</sup> 2011. Local Enterprise Partnerships are eligible to bid for Regional Growth Funds (as are other bodies). The Partnership Board has sought ideas for Regional Growth Fund projects and identified a package of initiatives that will help deliver the Partnerships emerging priorities and meet the Growth Fund criteria. The bids being considered as part of that package at the time of writing are summarised at Appendix 2. The deadline for submission of

Regional Growth Fund bids is 21<sup>st</sup> January 2011. Cabinet is therefore recommended to delegate authority to the Corporate Director in consultation with the Cabinet Member to endorse the Marches Regional Growth Fund Submission on behalf of the Borough.

- 4.10 In addition to bids submitted as part of the Marches Enterprise Partnership package, a number of proposals are being developed by independent bidders in the Borough. Technical support is being provided to those bidders, and where requested and appropriate, the Council will confirm that these proposals support the priority plan objectives set out in paragraph (4.4)

## **5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

### Legal impact

- 5.1 The Council has power to do anything which it considers is likely to achieve any one or more of the promotion or improvement of the economic, social or environmental wellbeing of the area under Section 2 of the Local Government Act 2000.
- 5.2 Before relying on the wellbeing power the Council must have regard to the Guidance issued by the Secretary of State in relation to the use of the wellbeing power, and in determining whether to or how to exercise that power the Council must also have regard to its Sustainable Community Strategy. Cabinet is referred to paragraph (4.4) above for further information about this.
- 5.3 Clear governance agreements for the emerging LEP will be essential to ensure clarity about work streams, resources, legal and financial liabilities, and hence will help to ensure success. This is particularly important where a LEP may not have legal identity of its own, as in the case of the Marches Enterprise Partnership.
- 5.4 Bids for funding to RGF will also need to be submitted with clarity around the legal identity of the applicant for funding, the accountable body for that funding, and any future offer of grant funding from RGF to the Council will need to be reported back to Cabinet and full Council for further approval. At the present time it is not known what conditions might be attached to RGF grant offers, and this will need full assessment by project officers, together with legal and finance officers should a grant offer be made.

### Financial impact

- 5.5 Telford and Wrekin's engagement in the Marches Local Enterprise Partnership may have financial implications for the Authority. The governance arrangements and partnership and funding agreements have yet to be established and so it is not possible to assess and quantify the full financial impact and risks at this stage.
- 5.6 No additional resources have been made available to support the Local Enterprise Partnership, therefore existing staff, professional support and budgets will be utilised to support this initiative. This will include, at a minimum, £10,000 pa to support the administration and expenses of the

Partnership, plus the time of economic development, legal and finance officers. The potential resource implications may be higher dependant upon the decision on accountable body status and financial advice will be provided as requested during these discussions. As noted in paragraph 4.7 the opportunities for collective working will be explored.

- 5.7 Bids to the Regional Growth Fund are currently being worked up by economic development officers. Before submission the bids will be validated to provide an assessment of the financial implications on the Authority. If the bids are successful, the details of the funding agreements will be reviewed by finance officers in order to ensure that any risks are identified and managed and grant opportunities are maximised.
- 5.8 If delegated authority is granted, it is recommended that arrangements are established to ensure that the Corporate Director and Cabinet Member are adequately briefed in order to support the approval and submission of bids, and to ensure that the financial and legal implications of the development of the Marches Local Enterprise Partnership arrangements are identified and managed.

## **6. PREVIOUS MINUTES**

- 6.1 Minutes of the Cabinet meeting, 14<sup>th</sup> September 2010.

## **7. BACKGROUND PAPERS**

- 7.1
- i. Letter from the Secretaries of State for Communities and Local Government and Business Innovation and Skills, to Local Authority Leaders and business leaders dated 29<sup>th</sup> June 2010, entitled 'Local enterprise partnerships'.
  - ii. The Marches Local Enterprise Partnership Proposal, August 2010
  - iii. Report to Cabinet 'A Local Enterprise Partnership for Herefordshire, Shropshire, Telford and Wrekin (Marches Enterprise Partnership). 14<sup>th</sup> September 2010
  - iv. White paper, 'Local Growth: realising everyone's potential', 28<sup>th</sup> October 2010

- Appendix 1 – Draft Marches Enterprise Partnership Business Plan Priorities  
Appendix 2 – Summary of Draft Marches Enterprise Partnership Regional Growth Fund Proposal

The Marches  
Local Enterprise Partnership



## Draft Marches LEP Business Plan Priorities

### 1. Transport and Infrastructure

- 1.1 Road Infrastructure priorities include the Shrewsbury and Hereford relief roads, improvements to the connectivity of Telford Town Centre to the M54, the Hereford ESG Link Rd and improvements to the A5 junctions at Oswestry.
- 1.2 Rural public transport needs to be a priority where it supports employed people. In Telford, work is required to link the 3 key employment areas with public transport.
- 1.3 Rail improvements include improvements to the physical access to stations around the Marches, the long term development of a parkway station for Shrewsbury and Telford. The capacity rather than the frequency of trains in the Marches is the issue and the LEP could look to influence the TOC to put on more carriages. Also longer term issues are the improvements to line speed and the electrification of the line to Shrewsbury which would bring fast direct services to London. It will be important for the LEP to get sight of Network Rail's capital programme.
- 1.4 The major electricity issue for the Marches is at Whitchurch. The LEP should also support renewable energy projects to access the grid through lobbying the electricity companies. Future development across the area will bring additional capacity requirements and the LEP should keep a watching brief on these.
- 1.5 Water drainage and sewerage are constraining growth in Hereford and Leominster. The LEP should support the development of flood alleviation management plans to mitigate climate change.
- 1.6 The LEP should defer to the recommendations of the workspace studies being conducted around the counties to make sure there's adequate supply and quality of employment land and workspace provision. There is potential to expand the Food Enterprise Centre in Shrewsbury and to continue to roll out the rural enterprise centre model.

### 2. Transport & Infrastructure - Broadband

- 2.1 No business should be prevented from accessing the broadband capacity that it needs to increase its productivity in the Marches.

- 2.2 The LEP should host the future face of broadband events to improve business usage and focusing on the value added bandwidth rather than bandwidth for bandwidths sake.
- 2.3 The LEP should build on the Ludlow/Leominster/Tenbury Rural Broadband project, Shropshire WAN Loop, BDUK project in South Herefordshire and possible investment from BT and the access to high capacity backhaul across the area that these will provide.
- 2.4 The LEP should look to procure ways of getting this bandwidth to the furthest areas of the Marches in partnership with the rural hubs and CLA to access sites at low cost. Where small community networks exist ways should be found to link them to the higher quality backhaul or seek agreement to absorb them into the larger scheme to make them more sustainable and improve quality.
- 2.5 The LEP would need to draft in specialist Procurement and state aid support. The LEP should look to provide this through the council's legal teams.
- 2.6 A long term aim of the LEP could be to join up the public sector networks.
- 2.7 Other projects could include using the community levy to get fibre from the backbones into business parks where BT are unlikely to do so.
- 2.8 The LEP could help in providing free access through and on publicly owned sites and also providing business rate relief on the fibre in the ground.
- 2.9 The LEP should work with the Planning and Housing Group to understand how new developments can be required to lay the ducting for fibre through the S106 or even using the S106 for a generic broadband fund.

### **3. Housing & Planning**

- 3.1 The LEP should endorse a high level statement which is pro growth and sets out the housing numbers, areas of commonality in the 3 planning systems and the standards that businesses should expect from the planning process. This would also be the basis for a campaign to improve attitudes towards growth and promote early engagement in the planning process by businesses wishing to develop e.g. through showing planning policy at work. The LEP should also continue to understand the barriers to growth to ensure the LEP challenges the system. This should be one of the main questions asked at the business event.
- 3.2 Roll out the Shropshire Place Plan concept throughout the area
- 3.3 Work to understand how local housing providers are an economic driver. RSLs will identify all the things they do to stimulate the economy.

- 3.4 Bring together the public sector asset base and bid for funds to retrofit the properties. This will reduce the carbon footprint of the Marches, increase local economic activity and stimulate the local low carbon economy.

## **4. Enterprise**

- 4.1 The LEP should be aspirational but realistic about what it can achieve in terms of business support.
- 4.2 Recognise the importance of business networks and support them to succeed. The LEP should facilitate a series of events promoted to new businesses and those which don't engage currently to expose them to the benefits of networking and peer to peer support. All the local networks should be brought together in one place to achieve this. This could also be achieved virtually. The LEP could also assist in establishing networks in sectors or areas if there are gaps.
- 4.3 The LEP should look to stimulate local supply chains by bringing local businesses together
- 4.4 Implement a shared apprentice scheme for SMEs to take people on part time.
- 4.5 The LEP should look to develop a voucher scheme to encourage businesses to invest in the skills that allow them to grow. These should be available at the pivotal lifecycle stages of business development to ensure best value is achieved. These should be defined by the business rather than be prescribed and should be redeemable with locally accredited consultants.
- 4.6 The LEP has a role to play in matching venture capital with people in search of investment. This could include encouraging people to invest redundancy funds into business ventures.
- 4.7 Encourage those at risk of redundancy to consider self employment.
- 4.8 The LEP needs to raise awareness of the mentoring schemes that are already happening in the area and encourage more people to participate.
- 4.9 The LEP should aid local procurement by making sure businesses are aware of the opportunities in the public and private sector.
- 4.10 There could be a Marches brand developed to encourage inward investment and to build an awareness of the benefits of the Marches area.

## **5. Employment, Training and Skills**

- 5.1 The LEP should support short and sharp training defined by businesses which is customer and not all qualifications led.

- 5.2 The LEP should support and use existing organisations e.g. the care sector's social care partnership, to increase training and jobs in those sectors and allow businesses to share costs. Where groups don't exist, the LEP should support their establishment with seed corn funding.
- 5.3 The LEP should assist sector groups and trade organisations by negotiating provision with providers.
- 5.4 Communication with business should happen virtually through the use of linked in to allow people to engage on their terms.
- 5.5 The LEP could look at how it can help small business share apprentices between business in sectoral groups. The apprentice would achieve a higher skill level and gain a greater exposure to employers. A Marches wide matching agency which could build on existing projects could provide opportunities for people of all ages.
- 5.6 The LEP needs to find ways to help young people into apprenticeships whatever their needs including disabled people who need an expectation of work. The problem is often in getting young people into existing opportunities not the flow of opportunities available so the LEP needs to understand what the barriers are.
- 5.7 We need to learn to celebrate technical as well as academic achievements. The LEP needs to influence secondary schools and parents and change the culture and attitude towards both apprenticeships and certain sectors. This needs to be linked to raising expectations and profile of apprenticeships with local people showing that it's a valid alternative to HE. Social media could also play a part in communicating this message to young people.
- 5.8 Transport is also an issue for young people and the LEP should continue to support initiatives like wheels to work.
- 5.9 With public sector redundancy and service cuts on the horizon, the LEP should assist in promoting the take over of services by social enterprise / cooperatives. Support in this area could be built into the redundancy support schemes being offered by public organisations to highlight it as an option and make support available if there's interest.
- 5.10 The LEP could look at how it harnesses social capital such as the Cooperative and others to invest in local enterprise.

## **6. Sustainability**

- 6.1 The LEP should ensure that sustainable principles are built in across all the theme areas and that all its actions are sustainability boosted / proofed.

- 6.2 The LEP should roll out BESST across the Marches to reduce the carbon footprint and costs to local business.
- 6.3 The LEP should create a brand for the area making it identifiable for expertise in land management, carbon efficient farming and biomass. This will allow the Marches to maximise the underutilised natural wood resource and take advantage of the renewable heat incentive. In the longer term this may require the LEP support for interventions in the provision of infrastructure like processing depots.
- 6.4 The LEP must raise the awareness of the RHI among the community which will have positive benefits for companies like Midlands's Wood Fuel and Euro Heat among others by stimulating the market.
- 6.5 The LEP should raise awareness of the low carbon sector as a career, a green academy could stimulate apprentices which could be shared across a number of small businesses allowing them to test different fields. This could be assisted through MET NET.
- 6.6 There will be £200bn invested nationally in the low carbon economy over the coming years; the LEP needs to ensure the Marches gets more than its fair share of this market. It should prime local business through met net for the opportunities ahead, seek support to up skill local business in the installation and maintenance of emerging technologies and engage venture capitalists to invest in small scale renewable. The latter could also include raising the opportunity among those at risk of redundancy as a good place to make small scale investments.
- 6.7 The LEP should make an early bid for funds from the climate change skills fund through Sustainability WM to get funds to raise awareness with decision makers and the business community of the need to grow the renewable energy sector. This should have a positive impact on planning and fits with the growth agenda of the housing and planning group.

**Summary of Marches Enterprise Partnership Regional Growth Fund (RGF) Round 1 bid**

57 project ideas were submitted in response to the call for ideas, against the recently published Regional Growth Fund (RGF) guidance. A working group has met to discuss the eligibility of the various ideas submitted during the call. This has been done objectively with the only consideration being whether or not the projects would meet the Department for Business, Innovation and Skills criteria for Round 1:

## Round 1 RGF Criteria

- Planning needs to be in an advanced stage for capital projects
- The end private sector beneficiaries must be known (this discounts a lot of the proposed access to finance and business support activity but these projects will be eligible under round 2)
- The project must deliver a high private sector job yield per pound invested
- Projects must comply with state aid criteria
- Projects must bring in private sector funding
- There must be a clear market failure
- The project must represent the lowest cost option to achieve the required result
- Project must be deliverable within the timeframe prescribed

The eligibility of the project ideas have been tested against the guidance on the Regional Growth Fund and the criteria for Round 1. A number of advanced project ideas meet the RGF criteria and are being worked up into robust applications for RGF within the timescale available.

*Herefordshire*

1. Hereford Inner City Connectivity – Phase 1
  - RGF Value £5.5m – Potential for ERDF to be explored
  - Jobs yield 1,200
2. 3 Elms Trading Estate
  - RGF Value £1.5m – Potential for ERDF to be explored
  - Jobs Yield 100

*Shropshire*

1. Whitchurch Electricity Supply
  - RGF Value £3.8m
  - Jobs Yield 200
2. Enterprise Centres
  - RGF Value £3m
  - Jobs Yield 200
3. Queens Head (Tourism Project & Marina)
  - RGF Value £0.5M
  - Jobs Yield 200

### *Telford*

1. Centre of Excellence in Precision Farming (Harper Adams)
  - RGF Value £2.5m – Potential for ERDF
  - Job Yield TBC
2. Box Road linking the Telford International Centre with the Town Centre
  - RGF Value £3.4m – Potential for ERDF
  - Job Yield 5,000 (apportioned from Southwater development)
3. Enterprise Village - Board to discuss special support for this bid which will be submitted independently of the Marches LEP

A number of individual project ideas were submitted that were not at a sufficient advanced stage to come forward for the first round. These projects will be supported further and will be assessed against the RGF criteria for future bidding rounds.