



# **Greater Birmingham**

## ***A city region powered by technological innovation***

**The Local Enterprise Partnership's  
City Deal Proposal**

**5 July 2012**

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# Foreword

We are delighted to submit this joint City Deal proposal to Government.

Ours is a bold agenda for change designed to create the conditions necessary for long term sustainable growth. It reflects a shared vision of the private and public sector partners that form the LEP to become a globally competitive city region.

Our proposals seek to exploit our assets and address our key economic challenges. They seek shared growth and opportunity with our partners, our businesses, and our communities. The City Deal will not only support immediate job creation but also improve our skills base and invest in our infrastructure to meet the economic needs of the future. Key to driving the successful implementation of our ambitious plans will be world class technology.

While our City Deal reflects the unique set of circumstances in the Greater Birmingham and Solihull area, it will also prove to be the key to the recovery of UK Plc. It comes at a time when there is growing optimism in the West Midlands that our strong manufacturing base and growing export market will produce the sustained economic growth that the country is seeking. The announcement of an ambitious City Deal is a key part of our continued journey to rebuilding the pride and passion that is so needed.

The proposals form a strong platform from which we will seek further devolution of powers. We strongly welcome the Government's ambitious agenda to rebalance the economy and empower the core cities and their wider regions to drive economic growth. The City Deal marks the beginning of a new era of trust, empowerment, and partnership working in the local and national interest.

For the first time, the building blocks for success are now all in place: a strong private and public sector partnership, combining the talents of both parts to maximise their full potential; a transformational strategy for growth; and a Government that is embracing the localism agenda. This will be at the heart of our success in driving change.

**Andy Street**

**Chairman of the Greater Birmingham & Solihull Local Enterprise Partnership**

**Cllr Albert Bore**

**Leader of Birmingham City Council**

# Executive Summary

Birmingham is England's second city and the economy of the Greater Birmingham and Solihull (GBS) Local Enterprise Partnership is the country's Midlands powerhouse, supporting 900,000 jobs and generating £34bn of GVA. The LEP has dynamic private sector leadership, combined with the full support of the nine local authorities. It has demonstrated capacity to deliver through the Enterprise Zone, designation as a Creative City and its leading role in securing Regional Growth Funding for the Advanced Manufacturing Supply Chain Initiative.

With a proud industrial heritage, the area is now undergoing a new revolution - one driven by technology. We recognise that successful city regions will be those that embrace digital advances most effectively and we are posed to do that. Leading technological innovation is therefore the theme that pervades the LEP's agenda.

Our City Deal tackles the greatest constraint to local economic action, namely the ability to effectively flex, prioritise and leverage the public funds spent in our area. We will:

- **Create *GBS Finance* to aggregate, manage recycle and invest public funds to deliver LEP priorities.** It will emphasise evergreen models, local priorities and private sector co-investment to create a more sustainable form of public funding. Once we have demonstrated proof of concept, the LEP will seek to negotiate a single settlement from Government for economic development.

The business-led LEP has also selected five economic themes where specific action can accelerate our productive capacity. These have been chosen to address our toughest economic challenges and to target new growth sectors where we have emerging strengths and assets. Through our City Deal, we will:

- **Tackle the long-standing skills deficit that weakens our economy, by implementing a *Skills for Growth Compact*.** This will commit employers, colleges and schools to building a best-in-class skills service to link pupils and learners with real-world work opportunities. Our ambition is to recruit 25% of local businesses to the Compact by 2015.
- **Kick start housing and mixed-use development on public land to address our long-term housing and employment site needs.** We are investing council land and creating a new fund to prepare sites, drawing on the revenue generated by local and national assets.
- **Capitalise on Birmingham's leading position in life sciences and its unique assets as a location for clinical trials.** We will launch a match-funded Institute for Translational Medicine, which will co-locate state of the art clinical facilities with a hub for firms to engage with clinicians and academics.
- **Accelerate carbon savings and create green jobs by expanding our landmark green deal programme.** We will pilot new green deal solutions in the hardest to treat properties, leveraging the expertise developed through the pioneering *Birmingham Energy Savers* programme.

## Economic Overview

The Greater Birmingham & Solihull Local Enterprise Partnership (LEP) combines the country's second largest city partnership of Birmingham and Solihull with their primarily non-metropolitan hinterland. With a population of almost 2m people, the LEP is the economic powerhouse of central England contributing £34bn Gross Value Added to the economy. This economic output is driven by a highly productive business base - with more than 69,000 SMEs.

The LEP has ambitious plans to both boost and drive the economy. Creating a net increase of 100,000 private sector jobs by 2020 and increasing GVA by over £8bn over the same period will require bold and transformational action.

The LEP economy is both strong and diverse. Birmingham is a major hub of financial, professional and business services accounting for 100,000 high value service jobs. It is home to a host of national and international drivers, including three universities, national facilities such as the International Convention Centre, and the National Indoor Arena and is a regional cultural capital with one of the world's best concert halls and the UK's busiest theatre.

Solihull is one of the most economically successful areas outside of the South East, with a GVA of over £4bn. It possesses a number of key economic assets including Birmingham Airport, the National Exhibition Centre and Jaguar Land Rover.

The Southern Staffordshire and Northern Worcestershire part of our LEP includes the E3i belt. Situated 20-40 km outside the urban conurbation, this zone has been identified by academics as an area with significant potential for sustainable, knowledge-based economic growth. The area has strengths ranging from advanced manufacturing to leisure tourism – and builds upon the nationally significant features that the area possesses

Our Strategy for Growth, based on the three components of 'Business, People and Place', is focused on maximising the economic potential of our strategic assets. It is uniquely applicable to our area as it aims to exploit sectors where we have a distinct competitive advantage, including Advanced Automotive, Life Sciences and Creative and Digital, as well as supporting key sectors within our economy, for example the professional and financial sector.

The LEP is already demonstrating its ability to be game changing and its capacity to deliver; taking advantage of all the opportunities that have been given to it. For example the Enterprise Zone in Birmingham City Centre, designation as Creative City, its ambitious plans for the Enterprise Belt (containing key development sites outside of Birmingham) and its leading role in securing Regional Growth Fund for the Advanced Manufacturing Supply Chain Initiative.

Underpinning our agenda and activity to date has been the desire to use technology to improve our sectors, services and products; building on the area's manufacturing heritage by using technical innovation to improve, for example, production times, scale and quality.

Close working relationships with the business community, public sector and central government have been at the core of our achievements. Ambition and resources are being aligned at a local level. Combined with the Government's desire to unlock the economic potential of core cities and their regions, this means that, for the first time, everything is in place for transformational change to happen.

## Our City Deal

Working together on the City Deal forms the next part of our ambitious journey. It builds upon the policy announcements already made by Government, and synthesises existing local opportunities into an exciting overall plan. We recognise that we are at a moment in time where only innovative and creative proposals will generate the breakthroughs needed.

Whilst the plan is focused upon stimulating jobs and economic growth within Greater Birmingham and Solihull, it will also prove to be the key to the recovery of the wider sub-region and of significant benefit to UK Plc. In each case there is a clear rationale for why this LEP

area, above all others, will benefit from the requested changes, and what specific offers we are making in return.

Our central theme is leading the new technological ‘revolution’; using our digital capabilities to capitalise on our strengths and address our economic challenges.

Through the creation of GBS Finance we will align all available public resources to support our agenda and to use them to leverage and maximise private sector funding. GBS Finance will hold in excess of £1.5 billion and will be used to support the LEP’s economic strategy and become a model for sustainable local funding of economic and infrastructure development. A single settlement will be negotiated with Government before the next Spending Review to cover all economic development funding.

Four other economic themes have been identified to accelerate growth and increase our competitiveness: skills; public assets; life sciences; and the Green Deal.

## What our proposals will deliver

This City Deal is focused on delivering a diversity of economic benefits for the Greater Birmingham and Solihull area as summarised below:

- 10,800 additional direct jobs, building on the 40,000 created by the vanguard Enterprise Zone in Birmingham City Centre;
- Leverage in over £15bn of private sector investment over 25 years from £1.5bn of public funding;
- A Single Settlement to cover all economic development funding;
- A world-class skills system which meets the needs of employers and fulfils the expectations of employees;
- 3560 apprenticeships (AGE) grants to be delivered by March 2013;
- Improvements to employers’ perceptions of “work readiness” year-on-year;
- In excess of 2,800 additional new homes through the use of public assets;
- At least 100% capital return on current market value of public assets;
- An Institute of Translational Medicine to respond to national unmet need, unlock growth potential in the NHS and create a portal to create a resource for SMEs and international pharmaceutical companies;
- 15,000 homes refurbished delivering savings in domestic energy usage of 108Gwh and 26 ktonnes pa of CO<sub>2</sub> and at least 40 public buildings refurbished delivering savings in energy usage of 46Gwh and 10 ktonnes pa of CO<sub>2</sub>; and
- Retrofitting to the properties of 1,500 people on pension or disability premium and 2,250 people in fuel poverty.

The proposals will immediately leverage in significant funding streams including from the:

- Public Sector: £75 million for the Green Deal; £13m for the Institute of Translational Medicine; £1m from the City Skills Fund; and local authority contributions to the skills agenda.
- Private sector: £25m of contributions to the Skills Compact by 2015; revenue costs for the Institute of Translational Medicine.

A £16m contribution is sought from Government to support the following proposals in the City Deal: Skills (£1m); Life Sciences (£12m); and Green Deal (£3m).

## Phase 2 City Deal

We see this City Deal as part of an ongoing dialogue with Government; and we are developing further “asks” which will accelerate growth, most notably around:

### Transport

We recognise that our LEP’s position at the heart of the country’s road and rail network brings with it both significant economic growth opportunities and wider responsibilities. We will develop our position as the hub of the UK High Speed rail network; and we will build upon the recent investments in developing city centre Metro, New Street Gateway and Birmingham Airport.

The LEP is determined to maximise the potential of these investments by developing a strong, efficient, and sustainable transport infrastructure that connects the wider conurbation. We are working to bring forward new schemes to unlock growth efficiently and cost effectively, using public sector infrastructure investment to trigger private sector development.

### M42 Economic Gateway

The LEP is committed to bringing forward proposals that constitute a belt of enterprise in locations covering 580 hectares outside of Birmingham with the potential to generate £14bn GVA growth by 2026.

A key component of this is the development of the M42 Economic Gateway. Here the cluster of existing major employers of Birmingham Airport, the National Exhibition Centre, Jaguar Land Rover, the regional employment sites and the proposed High Speed 2 interchange provides significant growth opportunities that need to be maximised. Development and delivery of an Investment Plan will create the potential for 6,500 jobs by 2015; 36,000 by 2026/30 and 63,000 by 2041 – making this an area of national significance.

The LEP will work closely with its partners and Government to develop these further and will bring them forward in the next phase of our City Deal.

### Smart City Accelerators

The LEP wishes to establish a series of Smart Growth Accelerators (SGA) where residents and companies can access improved services and make more informed decisions (relating to energy, mobility, health and social care) underpinned by worldclass digital connectivity and through openly available data. We aim to maximise the benefits of the Super Connected Cities investment for digital and low carbon SMEs to create economic growth. We will seek to work with Government on issues of open data and energy mapping.

## Governance

The Greater Birmingham and Solihull LEP is a company limited by guarantee. It currently manages the Growing Places Fund and will manage the Enterprise Zone income streams. Resource and grant funding are held by Birmingham City Council on behalf of the LEP.

There are a number of sub-groups which sit below the Board which focus on taking forward specific LEP priorities. These include the Business Support and Access to Finance Sub-Group; the LEP Employment and Skills Board; Transport Sub-Group; Planning Sub-Group; and Funding Sub-Group. These groups are in the main chaired by LEP Board Directors and their membership comprises a cross-section of the public and private sectors. They have their own agreed Terms of Reference and report into the LEP Board, so creating a strong and accountable structure.

There are currently two officers’ groups which feed into the Local Enterprise Partnership Board, one at CEO level and the other at a working level. The Leaders of all nine local authorities also meet bi-monthly to discuss issues specific to local authorities.

The City Deal will further strengthen governance across the LEP area. Robust mechanisms will be established for GBS Finance, based on those established to manage the £125m Advanced Manufacturing Supply Chain Initiative funded through the Regional Growth Fund. A Housing and Economic Growth Board will also be formed, with key stakeholders like the Homes and Communities Agency, to take forward the Public Assets proposal and drive maximum economic benefit from the development for housing, employment and mixed-use purposes for publicly-owned land across the LEP area.

## **Conclusion**

The LEP, local authorities and businesses are extremely encouraged by this bold opportunity presented by Government. We believe that this set of asks will provide a step change in the performance of the Greater Birmingham and Solihull area. The proposals have cross-party support and will accelerate economic activity in the long-term. We are committed to seizing the opportunity they offer, and seek Government's support in realising our potential.

# City Deal Package

## Proposal 1: GBS Finance

*Develop **Greater Birmingham and Solihull (GBS) Finance** that will manage, invest, recycle and dramatically leverage a number of public and private funds to invest in key projects, infrastructure and LEP's priorities.*

### Proposal

GBS Finance is a radical public sector finance initiative that will provide a significant investment vehicle, giving access to finance and deployment of capital investment in the Greater Birmingham Solihull LEP. Reaching a critical mass of combined public sector funds will afford the financial strength to become a powerful tool to secure significant private investment. Initial funding will come from three sources, which will be replenished in future years from recycled returns from earlier investments. The three initial sources are:

- **LEP's Own resources** – This could include business rate uplift from Enterprise Zones and Growing Places Funding. *Locally confirmed resource commitment from BCC totals £36m of LA funds and this rises in excess of £200m when LEP funds are included.*
- **Government grant** – In the medium term, GBS's aspiration is to negotiate a Single Settlement from HMG to cover all economic development spending. *A single payment covering regeneration, jobs, skills, infrastructure funding direct to the LEP rather than ad hoc through the year or linked to bidding and outcome processed would be welcomed in order to determine outcome allocation and targeting in accordance with the GBSLEP Growth Strategy.*
- **Private Investment** – Private individuals and organisations might be attracted to invest in GBS Finance, in order to share in the returns. Private investment in specific projects might also be catalysed by investments made through GBS Finance (e.g. new infrastructure might unlock new development). *Initial discussions held with sovereign wealth funds, indicate initial investment of an order of £100m. The council has also opened a dialogue with a pension fund and we await the outcome of the City Deal to further this on a large scale.*

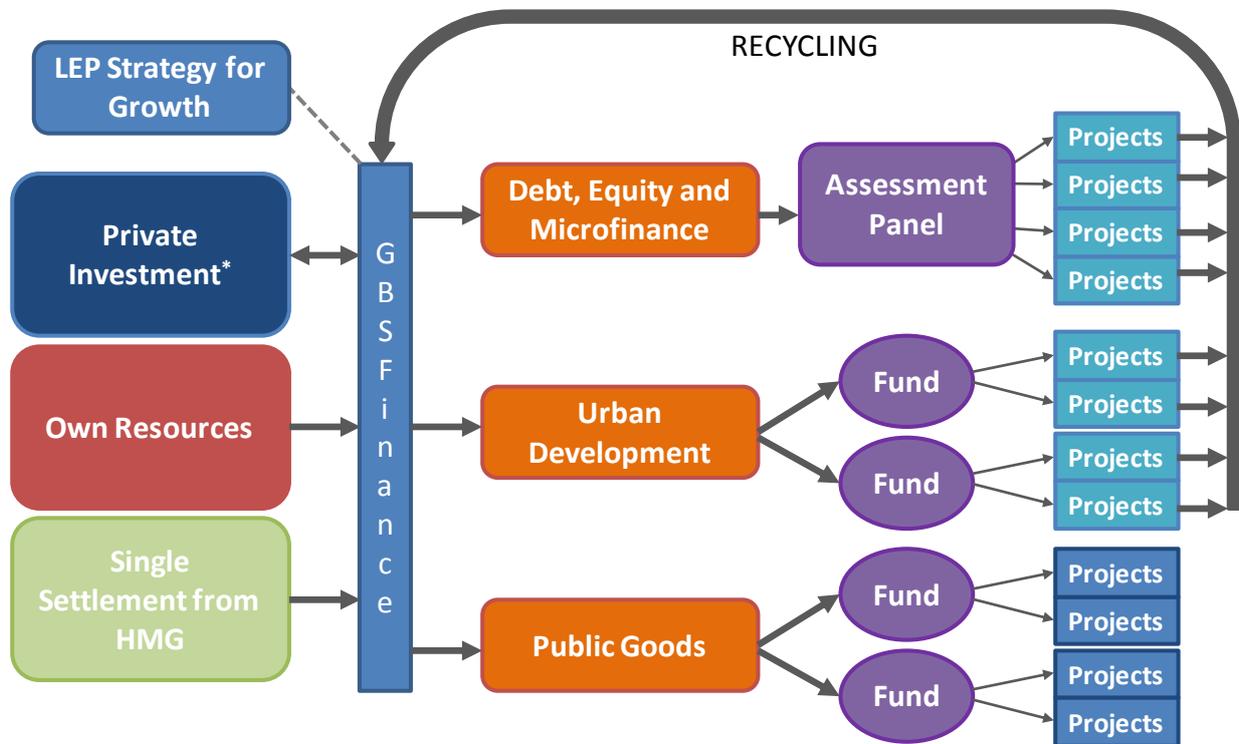
GBS Finance will undertake three investment strategies:

- **Debt, Equity and Microfinance investments in SMEs** - providing SMEs access to finance and financial products deploying money as market-driven financial instruments, instead of offering grants.
- **Urban Development** – Infrastructure investment in its widest sense which is forward funded against developer contributions.
- **Public Goods** – Infrastructure investment where costs cannot be recovered.

The first two strategies will generate revenue streams which will be recycled and will attract private co-investment into GBS Finance, thus reducing grant dependency. Under each of the three strategies there will be separate funds managed by independent fund managers. GBS Finance will provide the allocative mechanism, underpinned by the LEP's Strategy for Growth which will establish clear priorities and a structured approach to delivery, thus ensuring that the most considered use of the fund is made – enabling more targeted investment clearly linked to a pathway to economic growth – both in terms of spatial and thematic priorities. Moreover it will ensure that the funds are economically targeted to maximise their combined impact and enable the LEP to:

- Share responsibility for growth between public and private partners in terms of strategic priorities, fund investment, governance and decision making through either LEP membership, specific development opportunities or pure investment return;

- Deliver the agenda of local determination in real financial terms through freedom to allocate funds;
- Align within one governance process the cross-boundary funding to deliver the LEP's ambitious economic programme; and
- React swiftly and precisely to shifting needs and opportunities.



\*Private investment can only be allocated to Debt, Equity and Microfinance and Urban Development

The LEP already has a number of funds under management which are currently under separate arrangements and limited to single function priorities and objectives. Under traditional methods of public sector financial management there is a default towards grant while in many cases funding can be maximised by recycling, earning interest or leverage for private investment. Grants are usually allocated for single purposes and while their application and outcomes are scrutinised for eligibility and delivery, the full potential financial benefit is not considered. As such, the opportunity of realising added investment benefits is not taken. By collectively managing and de-ringfencing these funds while generating revenue, private co-investment can be attracted.

Within the terms of funding agreements the LEP is able to align certain of these funds to create a holding that can start to prove the concept that critical mass will attract significant investment. Having demonstrated the effectiveness of GBS Finance, the LEP will build on this and ask that Government creates a single settlement for the area in the next spending review. This will enable the LEP to use funding more efficiently and effectively and support the delivery of the LEP's growth targets of 100,000 private sector jobs by 2020 and an increase in GVA of over £8bn over the same time period.

We would also like to develop a gain-sharing arrangement whereby jobs created through specific initiatives are rewarded financially through a share mechanism to recycle the benefit into further development of the supply chain, skills training and creating a job-ready workforce. This model could be developed first around Birmingham Energy Savers and then once proven, rolled-out to other appropriate initiatives.

### Governance

When established GBS Finance will help deliver GBS' priorities and will operate under governance arrangements that provide sufficient oversight, accountability and transparency for GBS. GBS Finance will also need a robust and adequate corporate governance structure to

ensure credibility and confidence for private investors that it has the freedom and flexibility to respond to events and take opportunities on a day-to-day basis.

GBS Finance will require the necessary skills and experience available to be able to fulfil its role and this will comprise a combination of resource within the fund and specialist external advisers.

The governance structure and arrangements for GBS Finance will replicate what has already been agreed with BIS for the management of the £125m Advanced Manufacturing Supply Chain Initiative (AMSCI) funded through the Regional Growth Fund.

- Birmingham City Council (BCC) would be the Accountable Body for GBS Finance, taking overall responsibility for the treasury management and disbursement of funding.
- An Executive Board would be established responsible for the strategic management of GBS Finance, it would consist of senior BCC/LEP managers and leading industry and finance professionals with significant experience and expertise in this business area and report into the LEP Board on fund performance and outcomes. The Board will maintain a record of member interests and will observe the appropriate protocols on conflicts of interest.
- An Investment Panel would be established, reporting to the Executive Board. The GBS Investment Panel will either be directly responsible for, or have oversight of a number of key roles at an overall GBS Finance level, an individual Fund level and a project level. This will include setting clear investment principles, business planning, project appraisal, investment decision making, assessing and managing risk and ongoing monitoring and reporting of performance. The Panel will consist of senior BCC/LEP managers and industry and finance professionals with the appropriate expertise of running a portfolio of "funds under management".
- Programme Management Teams will undertake the day-to-day management of the funds component parts reporting to the Investment Panel with well-defined responsibilities and accountability. The teams will be responsible for:
  - Raising awareness of the funds;
  - Coordination of any application process from expression of interest to appraisal of full bids (including a full business case);
  - Alignment with other funding streams such as RGF, ERDF, JESSICA, CIL and business rates uplift, and;
  - Monitoring and reporting on the fund and its investment activities on a regular basis to the Panel and to the public.

### **The Three Investment Strategies**

GBS Finance would undertake three investment strategies, which would generate different forms of return.

#### **Debt, equity and microfinance**

This strategy will implement various types of instruments varying from equity and quasi-equity to venture capital, loans or guarantees for the benefit of SMEs in the regions, support mechanisms for Business Angels or Technology Transfer funds.

Principally this will enhance the supply of SME finance in the LEP and bring product expertise and decisions on investment schemes at a local level while contributing to improve the regional financial conditions. This may be achieved, amongst other means, by decreasing lending interest rates through guarantees, reducing the need for collaterals through the implementation of guarantee instruments, disseminating equity finance, enhancing the availability of micro-credit.

Benefits include:

- **Credit easing** – Funding SMEs using instruments such as risk capital, equity or loan-guarantees this reinforces the capacity of SMEs to raise additional financing by strengthening their capital base or by addressing a portion of the financing risk which some investors or lenders are not willing to take.
- **Recycling** – Invested resources that are repaid become available for reinvestment. This is applicable, for example, when returns are received on venture capital investments, or micro-loans are reimbursed to micro-finance institutions. Resources are reinvested into the instruments and are used to fund SMEs.
- **Private co-investment** – The financial instruments used in this strategy will create opportunities for public-private cooperation and co-investment. Furthermore, the professional management of funds will provide further confidence for the financial sector, banks and investors, to co-invest or lend to SMEs.

**Allocation of funds:** An Assessment Panel will be responsible for preparing a report detailing the outcome of the overall assessment and appraisal process for each project. The panel will review BCR and VfM rank applications accordingly in order to make recommendations for funding.

### Urban Development

To meet the LEP's ambitions for growth, for example 100,000 new homes, will require major investment to be made in local and strategic infrastructure. This strategy will provide forward funding to enable the necessary transportation, highways, educational, health and social infrastructure to be provided, in advance of development.

Funds will be recycled with investments repaid through sources such as land value capture, planning obligations (section 106 agreements), Community Infrastructure Levy (CIL) and revenue generated from Tax Incremental Funding (TIF).

**Allocation of funds:** Individual funds will allocate funds fulfilling criteria including:

- Funds from this strategy will be recycled. It is not gap funding and cannot bridge viability gaps.
- Infrastructure is required to support the delivery of development that is supported by and consistent with the priorities of established plans and strategies of GBS Finance.
- Infrastructure and related development must be embedded in the integrated plan and there is clear evidence of long-term strategic infrastructure planning to support growth.

### Public Goods

Some infrastructure investments cannot be recovered through user fees or developer contributions, but are nevertheless essential for the promotion of economic development. These 'public goods' might include shared infrastructure such as roads or public realm improvements.

**Allocation of funds:** Individual funds will prioritise these investments to maximise the impact on GVA, subject to an appraisal framework to be agreed with Government.

### Track record

BCC already has a vehicle and a system of governance as a foundation to make this happen quickly. BCC has recognised financial strength and in 2011 was awarded a AAA credit rating status. In addition to its own funds, BCC provides accountable body role to many organisations including the GBSLEP current funding programmes and is an intermediate body for ESF. This investment framework brings the added dimensions of professionalism, commercialism and investment rigour.

In 2010, BCC established Finance Birmingham as their delegated finance company for the purposes of managing loans and equity investments to businesses that are unable to secure

them from conventional routes during the continuing tight credit conditions. Building upon the £20m funds already under management, we have recently gained approval from BIS to manage and recycle the national Advanced Manufacturing Supply Chain Initiative of £125m.

To date, Finance Birmingham has managed equity and debt funds on behalf of Birmingham City Council establishing rigorous investment appraisal, governance best practice and the foundation to scale and become the first public sector backed GBS Finance to oversee, manage and distribute funding. The business model would bring together; Funds in place, Funds in trail, such as the Enterprise Zone and a Central Bid Team to secure new resources.

<b>GBS LEP commitments</b>	<b>Government commitments</b>
<ul style="list-style-type: none"> <li>• Provide a single portal for private sector development finance.</li> <li>• Increase the recycling of funding, thereby enabling us to get more for less.</li> <li>• In developing the 'proof of concept', GBS LEP will hold discussions with Worcestershire LEP and Stoke &amp; Staffordshire LEP in relation to specific funding streams which the county councils themselves currently receive from Government, in recognition of their shared interests in parts of the GBS LEP.</li> <li>• Bring together national and local resources in GBS Finance. Local resources could include Local Authority prudential borrowing, CIL and innovative funding mechanisms.</li> <li>• Integrate transport infrastructure investments and development / regeneration projects through masterplanning, feasibility and scheme development / design for agreed priorities.</li> <li>• Create a centre of excellence for public sector fund management. Funds will be held by Birmingham City Council within their approved treasury management protocols. Fund application and management would be directed through a wholly owned FSA compliant company.</li> <li>• Create an accountable body service appropriate for smaller third sector organisations and which could be available for commission by other public sector accountable bodies.</li> <li>• Work in collaboration with neighbouring LEPs on the full range of EU funded priorities and with central government and agencies such as TSB to deliver joined up national and sub-regional jobs and growth.</li> <li>• GBS Finance would provide the framework for BCC to be either a managing authority</li> </ul>	<ul style="list-style-type: none"> <li>• Work with the LEP to develop GBS Finance as a future model for sustainable local funding of economic and infrastructure development.</li> <li>• Government will seek to further rationalise and simplify allocation and reporting requirements for Birmingham's economic development funding in the next Spending Review, with a shared ambition of moving to a Single Settlement with an agreed set of outcomes. To realise this ambition, GBS Finance will need to create a robust and transparent mechanism for allocating capital between competing needs and areas, which supports growth and is underpinned by the LEP's Strategy for Growth.</li> <li>• As a minimum, the Single Settlement would include funding streams that will be negotiated with DfT, DCLG, BIS and HM Treasury.</li> <li>• The RGF Secretariat commits to work with GBS to ensure that the monitoring and contracting arrangements for the AMSCI RGF programme can support GBS Finance deliver its objectives. It also recognises that any successful city led round 3 RGF bid needs to be a part of the GBS Finance. The RGF Secretariat therefore commits to ensure that the contracting and monitoring arrangements for any future successful programme bid would enable the funds to be invested through the investment fund.</li> <li>• Subject to negotiations with the European Commission, the Government commits to work with GBS LEP to explore the most effective management arrangements for delivering European Structural Funds in accordance with city region priorities and to explore with GBS LEP how ERDF and ESF programmes, for appropriate priorities, can be aligned to eligible GBS</li> </ul>

<p>or an intermediate body for the distribution of EU structural funds. BCC will do this on behalf of the LEP and potentially neighbouring LEPS to allow for greater effectiveness. The programme will cover all of the priorities laid out by the European Commission and be seen as a partnership between BCC and the LEP and national government. This partnership approach would outline the match funding commitment from BCC and from Government Departments and agencies such as the TSB and would be on the basis of co decision making where national and local strategies require it.</p> <ul style="list-style-type: none"> <li>• Finance Birmingham debt and equity programmes would provide an opportunity to BIS to test or pilot new SME support initiatives. The established network and reputation of the company could also assist with expansion of existing BIS programmes such as the Enterprise Guarantee Scheme – this would facilitate the roll-out of the debt provision to LEP partners.</li> </ul>	<p>Finance investment funds priorities.</p> <ul style="list-style-type: none"> <li>• Work with GBS LEP to agree a set of governance principles that would enable the devolution of DfT major capital scheme funding and other funding streams to support LEP priorities, and accelerate the process for devolving DfT major capital scheme funding, subject to these agreed principles.</li> <li>• In the event of DfT capital underspend, consider providing resources for priority LEP projects that can be implemented rapidly and that unlock development</li> </ul>
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## Proposal 2: Skills for Growth

*Deliver a world class skills system through a “**Skills for Growth Compact**” that radically recasts careers education as “**Work Inspiration**” and drives growth in our target sectors (and wider economy) through a “**Skills for Growth Hub**” that will rapidly increase Apprenticeship uptake and sustainable employment.*

Across the LEP area there are significant skills challenges:

- high proportions of the working population with no formal qualifications;
- low proportions of the working population with higher level skills;
- attainment levels which, despite significant improvement, have not caught up with the national average; and
- An unemployment rate of 11.1% for 18-24 year olds, compared to a national average of 8.4%.

The Greater Birmingham & Solihull Local Enterprise Partnership has a vision for it to become a more competitive, more productive and a more prosperous economy. To achieve this aim the GBS LEP area needs to tackle the long-standing skills deficit that weakens our economy. The public sector currently spends £430m on skills provision in the West Midlands, with a significant amount more invested by the private sector. Despite the clear focus of attention on improving performance, employers continue to report difficulties in recruiting young workers with the skills and aptitudes that they need. There is also a mismatch between the things young people study and the outcomes employers want providers to deliver. To enable the step change we are committed to a series of interventions led by private sector leadership via the Employment & Skills Board (ESB) chaired by Jaguar Land Rover. The ESB will catalyse a new partnership between business, education and learners that will be the vehicle for long term sustained radical reform, delivering an enhanced market-led system in which demand from informed and engaged learners matches employer demand, producing skilled workers who will boost business growth. In the immediate term it will deliver our **Skills for Growth Compact**.

This will commit employers, colleges and schools to build a best-in-class skills service to link pupils and learners with real-world work opportunities with at least 25% of local businesses signed up by 2015. The Compact will reflect a dynamic partnership where schools, colleges and employers work together to align careers advice, learning and preparation for work.

In this compact, business will take a fundamental and ongoing role in education and learning – from today’s co-existence to tomorrow’s co-creation. It will provide young people with clear aspirations and an informed and objective route to achievement, embedding enterprise and work-related learning built on an understanding of the opportunities in the LEP area. For the employers we will ensure that the compact addresses employers’ perceptions of “work readiness” to ensure they get the skills they need to prosper.

Secondly, we will undertake further action through our **Skills for Growth Hub**. Based on the underpinning market intelligence gained through the City Skills Fund and the leadership of the ESB, we will rapidly increase apprenticeship uptake across the LEP area in high growth and key employment sectors.

We will give employers the flexibility to design, in partnership with providers, new training provision that meet their needs. For the provider, through increased use of the innovation code, we will de-risk the creation of new qualifications by allowing delivery and accreditation to be delivered in parallel. Finally, to ensure colleges have the industry specific facilities required to deliver high quality, training we will support them with ring fenced capital investment to ensure learners that are required.

## 1. The proposals in detail

<b>Inspired leadership</b>	
<b>GBS LEP Commitments</b>	<b>Government Commitments</b>
<ul style="list-style-type: none"> <li>To recruit industry champions who will be leaders of, and catalysts for change, delivering fundamental reform through shaping and piloting our new employer-led system; leading by doing; engaging and inspiring employers, providers and learners.</li> </ul>	<ul style="list-style-type: none"> <li>To work with the ESB to identify and endorse pioneering industry leaders who will be credible and visible champions;</li> <li>A commitment to work with, support and enable the work of our champions, engaging them actively in policy and framework development.</li> </ul>
<b>Impact</b> <ul style="list-style-type: none"> <li>The ESB is credible as it is led – and seen to be led – by recognised, inspirational and engaged private sector leaders.</li> </ul>	
<b>Partnership-focused</b>	
<b>GBS LEP Commitments</b>	<b>Government Commitments</b>
<ul style="list-style-type: none"> <li>Deliver a <b>Skills for Growth Compact</b> where schools, colleges and employers work together and sign up to align careers advice, learning and preparation for work with the real opportunities that exist now and in the future.</li> </ul>	<ul style="list-style-type: none"> <li>A commitment from the DfE and BIS to work with us to explore ways to embed this integrated approach to improve transition from education to work.</li> </ul>
<b>Impact</b> <ul style="list-style-type: none"> <li>The needs and opportunities of the “real” economy” will be at the heart of the system;</li> <li>Careers advice and guidance delivered in schools and colleges will reflect the ESB’s Statement of Priorities and shared understanding of available and future opportunities;</li> <li>Employers’ perceptions of “work readiness” improves year-on-year;</li> <li>Employer and apprentice satisfaction with specified Apprenticeship Frameworks (relating to key growth sectors) improves year-on-year.</li> </ul>	
<b>Aspiration-building</b>	
<b>GBS LEP Commitments</b>	<b>Government Commitments</b>
<ul style="list-style-type: none"> <li>To deliver systematic and sustained business engagement in our schools and colleges (with 25% of all local businesses signed up by 2015) creating informed learners and improving pathways to real work opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>BIS, DfE and DWP to work with us to design and implement this new system, potentially utilising secondments.</li> </ul>
<b>Impact</b> <ul style="list-style-type: none"> <li>Businesses take a fundamental and ongoing role in education and learning – from today’s co-existence to tomorrow’s co-creation – providing our young people with clear aspirations and an informed and objective route to achievement, embedding enterprise and work-related learning built on an understanding of the opportunities out there in the LEP area.</li> </ul>	

<b>Growth-driven</b>	
<b>GBS LEP Commitments</b>	<b>Government Commitments</b>
<ul style="list-style-type: none"> <li>• To pilot a system identifying opportunities and barriers to growth (e.g. lack of appropriate training provision for the Green Deal)</li> <li>• To articulate local needs and priorities, aligning investment and delivery through our Skills for Growth Hub.</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting innovation by giving us the ability to ensure that revised and new courses that respond to local needs are accredited as they are developed;</li> <li>• £1m in capital investment to allow us to provide specialist equipment and tools required to meet the needs of our key growth sectors.</li> </ul>
<b>Impact</b> <ul style="list-style-type: none"> <li>➢ A growth-led system that is responsive to new opportunities and needs in the real economy;</li> <li>➢ The LEP area is recognised as an exemplar of world-class skills provision.</li> </ul>	
<b>Demand-oriented</b>	
<b>GBS LEP Commitments</b>	<b>Government Commitments</b>
<ul style="list-style-type: none"> <li>• To de-risk and increase provision in targeted growth sectors by delivering new employer-shaped learning opportunities through the Employer Ownership Pilot and new apprenticeship frameworks;</li> <li>• To maximise opportunities from new development and LEP investment (including Enterprise Zone, Growing Places projects, Green Deal and Life Sciences) using tools such as Section 106 agreements and the West Midlands Procurement Framework;</li> <li>• Delivering a formal <i>quid pro quo</i> with business (e.g. linking AGE payments to a quantified commitment to schools/college as expressed in the Compact).</li> </ul>	<ul style="list-style-type: none"> <li>• To support the development and delivery of our Employer Ownership Pilot;</li> <li>• To work with us to ensure that new provision developed under the innovation code can be built in to the development of current and emerging apprenticeship frameworks;</li> <li>• A notional allocation of 1560 of the Apprenticeship Grant for Employers payments in line with the LEP area's proportionate share of the 16-24 year old population;</li> <li>• A further notional allocation of up to 2,000 Grants to support the delivery of apprenticeships by SMEs in growth sectors, where uptake can be stimulated.</li> </ul>
<b>Impact</b> <ul style="list-style-type: none"> <li>➢ A market-led system where learner demand reflects employer demand, driven by a real understanding of and opportunities in the LEP economy</li> </ul>	

<b>Costs / Investment</b>
<ul style="list-style-type: none"> <li>• £500k City Skills Fund;</li> <li>• Local Authority (in-kind) £500k p.a. total;</li> <li>• In-kind contributions private sector leads (ESB and Champions) members – est. £230k p.a.</li> <li>• Value of business community contribution to Compact by 2015 – est. £24.75m p.a.</li> <li>• A proportion of the business rate uplift from the Enterprise Zone to support employment and skills as determined through the Investment Plan;</li> <li>• Capital Investment Fund £1m matched by £1m from FE Colleges</li> </ul>

### Proposal 3: Development of Public Assets Accelerator

*Create innovative mechanisms to bring more land on-stream faster in order to meet major requirements for housing and employment.*

It is anticipated that the population of the GBS LEP will grow by 179,000 (+9.4%) to 2026. Of this, 112,000 or 63% of the total will take place within Birmingham. This means that Birmingham’s population will increase by 11% during the same period, resulting in a need for around 66,500 new units of accommodation within a tightly constrained urban area. A good mix of type, location and quality of housing is required not only to support the current (and future) population, but to attract inward investment to the area.

If we are to meet our growth potential we also need a good supply of employment land which is available and commercially developable. Birmingham’s current supply, for example, will run out in 2023.

Our previous plans to address required growth have been affected by:

- A considerable decrease in the rate of housing building, leaving a wider gap;
- Anticipated major strategic sites are now unavailable. Fewer ‘windfall’ sites are anticipated;
- Developers’ difficulty in raising affordable loan finance and potential purchasers’ difficulty in accessing mortgages and deposits against new homes means that developers are less willing to take risks with city brownfield sites and are therefore increasingly attracted to previously undeveloped land outside Birmingham’s boundaries.
- 40% of the land-area of the LEP is Green Belt. This figure rises to 92% in Bromsgrove. Much of this is treasured agricultural, amenity, leisure and/ or protected landscape. Some, however, is land on the urban fringe that might otherwise be attractive for development and which would make an invaluable contribution to meeting the demand for new housing.

We therefore need to optimise the supply of commercially developable land both for housing and for employment uses.

The LEP Board will work with Government to drive maximum economic benefit from the development for housing, employment and mixed-use purposes of publicly-owned land by:

- a) Optimising development opportunities and public value for GBS LEP local authority and HCA land (defined financially and strategically), initially focusing on land in the Birmingham City Council area;
- b) Achieving an appropriate balance of risk and reward between the public and private (development) sectors, and;
- c) Extending the model to other interested GBS LEP land-owning authorities and to private owners of strategic land once financial, delivery and governance mechanisms have proved their worth.

GBS LEP commitments	Government commitments
<p><b>(a) Strategic and spatial planning and policy-development</b></p> <ul style="list-style-type: none"> <li>• Work in partnership with HCA to develop a bespoke LEP Investment Plan for Growth (IPG). This will provide the tools necessary for the Housing &amp; Economic Growth Board to establish the region’s strategic and spatial priorities for growth and thereby</li> </ul>	<ul style="list-style-type: none"> <li>• HCA to support the GBS LEP to develop a pan-LEP Investment Plan for Growth (IPG).</li> </ul>

<p>some of the key criteria for prioritising a LEP-enabled set of housing, mixed-use and employment- development projects.</p> <ul style="list-style-type: none"> <li>• Predicated upon the IPG, develop a LEP-wide resource plan to support the delivery of housing and economic development, maximising publicly-owned assets and aligning investment funds to maximise institutional investment opportunities.</li> <li>• Develop a pan-LEP Spatial Framework which will support the key spatially-significant strategic issues arising from the emerging LEP Economic Strategy. Working with HCA and CLG, the Spatial Framework will embrace consideration of potential publicly-owned housing, development and mixed-use sites which are presently constrained in planning and development terms and are therefore currently unavailable for development. It will develop proposals for how these constraints might be addressed.</li> </ul>	
<p><b>(b) Identification and prioritisation of public assets</b></p> <ul style="list-style-type: none"> <li>• Work with Government to produce a register of local authority and HCA assets in the Greater Birmingham &amp; Solihull LEP area, whose release could be accelerated with a view to supporting housing and employment growth.</li> <li>• Prioritise a list of publicly-owned housing sites and a list of public employment and mixed-use development sites for technical and financial support.</li> </ul>	<ul style="list-style-type: none"> <li>• HCA will support this process through its existing mechanisms.</li> </ul>
<p><b>(c) Technical advice and support</b></p> <ul style="list-style-type: none"> <li>• Offer an appraisal of the viability for development of all surplus strategic local authority assets within the LEP area, including advice about how to maximise their marketability and capital value and concomitantly, how to minimise their call on public finance.</li> <li>• Apply a tried and tested portable model for de-risking otherwise non-viable publicly-owned sites for development as potential strategic sites for housing, employment and mixed-use development across the LEP area.</li> </ul>	<ul style="list-style-type: none"> <li>• HCA will continue to offer strategic advice and technical support including development viability appraisal, evergreen funding models, accelerating development, public-private risk share models and sharing and advising upon best practice models emerging nationally.</li> </ul>

<p><b>(d) Assets</b></p> <ul style="list-style-type: none"> <li>• GBS LEP will dedicate the value of a precisely-defined set of GBS LEP assets and/ or matched sums to an approved rolling asset-based development vehicle. The value of this investment will be in the order of a 60:40 ratio GBS LEP assets to the value of dedicated HCA assets. The objective of the asset-based vehicle will be to deliver against the pan-LEP Investment Plan for Growth to support economic and housing growth within the GBS LEP area, in line with Ministerial and local ambitions.</li> <li>• The terms of reference of the rolling asset-based mechanism will be agreed in due course but will include: <ul style="list-style-type: none"> <li>–The rolling recycling of the proceeds from the sale of the agreed dedicated assets within the asset-based mechanism and joint decision-making on levels of return (subject to review every spending review period)</li> <li>–The retention by both parties of the freehold of their dedicated assets;</li> <li>–The retention by both parties of final decision-making responsibilities about the end-use of their dedicated assets.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Subject to agreement on a joint strategy, HCA receipts from disposal of Economic Assets Programme assets within the Birmingham City Council area to be re-invested by HCA on a rolling basis alongside the wider GBS capital fund to deliver the pan-LEP Investment Plan for Growth, supporting economic and housing growth within the GBS LEP area, in line with Ministerial and local ambitions.</li> </ul>
<p><b>(e) Governance</b></p> <ul style="list-style-type: none"> <li>• Establish a GBS LEP governance forum comprising private sector, local authority and HCA representatives to create and implement a LEP-wide Investment Plan for Growth. This governance forum will be known as the ‘Housing &amp; Economic Growth’ (HEG) Board and will provide accountability for the asset-based vehicle. It will be explicitly designed to complement mechanisms established within GBS Finance to govern the approved rolling asset-based development mechanism.</li> <li>• At least in the short-term these will operate alongside existing decision-making mechanisms.</li> </ul>	<ul style="list-style-type: none"> <li>• A senior HCA representative will sit on the Housing &amp; Economic Growth (HEG) Board and will here appropriately exercise the Agency’s power to approve schemes up to £3m.</li> </ul>
<p><b>Estimated Impact</b></p>	
<ul style="list-style-type: none"> <li>• Guarantee at least a 100% capital return on current market value of public assets.</li> <li>• If all of the capital receipts and/ or revenue stream of the agreed asset-based development vehicle were dedicated to the provision of new affordable housing, it could result in 2,800 new homes and 800 new jobs.</li> </ul>	

## Proposal 4: Life Sciences Accelerator

*Create a new **Institute for Translational Medicine** to accelerate discoveries from the lab bench to patient bedside. Co-locating pharmaceutical firms with clinicians and academics will provide opportunities for export-rich growth and employment, and deliver major clinical benefits.*

### What is an Institute for Translational Medicine?

Translational medicine centres accelerate discoveries from the laboratory bench to patients' bedside, enabling effective products to be tested and brought to market faster, yielding major health and economic benefits. The identification of effective world class translational centres has been identified as an urgent priority by the Government and pharmaceutical companies. The proposed Institute of Translational Medicine (ITM) in Birmingham would create a world class clinical research facility for the disciplines in which University Hospital Birmingham (UHB) and Birmingham University (UB) have international excellence: allowing co-location of the internationally competitive centres of excellence in renal, liver, cardiovascular medicine, solid organ transplantation, oncology, diabetes, rheumatology and trauma.

### What would the ITM do?

The ITM will be an integrated facility which will facilitate interaction between clinicians, academics and pharmaceutical firms. In addition to clinical and research benefits, this will accelerate job creation and inward investment from the private sector by allowing the co-location under one roof of and access to, the full "discovery pipeline" of consultants, scientists, research nurses and trial teams who are currently scattered across a vast biomedical campus.

The ITM will co-locate:

- State of the art **clinical trial facilities** for key research active specialties – for clinicians, triallists, translational scientists and research staff.
- A **hub for SME and large pharma and biotechnology firms** to base themselves and engage with clinicians and academics. The ITM would provide serviced office space for SMEs, meeting and networking facilities and access to advice, support and finance through links with Birmingham Finance, Birmingham City Council and the Chamber of Commerce. The experience from the Centre for Clinical Haematology (CCH) was that such a facility provides an extremely supportive environment for business to start up and to grow.
- Three existing accredited world-class **cancer trials units** with expertise in cancer and non-malignant clinical trials
- **An integrated Cancer** Institute allowing stratified medicine to be embedded in clinical trial design and analysis
- **Conferencing facilities**, video conferencing and seminar rooms including opportunities to develop a post-graduate training programme in translational medicine alongside joint NHS / private sector scientific and professional development courses.

## Why in Birmingham?

*“Birmingham is one of the very few centres internationally that can complete the full circle of Translational Medicine” (MRC Translational Roadmap Peer Review).*

There is a compelling case for a new ITM in Birmingham, based on its powerful combination of comparative advantage, proven track record and private sector backing. With the backing of Government, Birmingham will be able to move rapidly to get the ITM up and running and private investment flowing.

### Comparative advantage

- **State of the art clinical facilities:** The Queen Elizabeth Super Hospital - a £545m state-of-the art new build opened in June 2010, hosts a range of leading edge local, regional and national services, including the largest solid organ transplantation programme in Europe; the largest renal transplant programme in the UK; a specialist centre for liver, heart and lung transplants and cancer studies; and the Royal Centre for Defence Medicine.
- **Population scale and diversity:** Access to large and diverse patient populations is crucial to advanced and comprehensive translational research and impossible without it. Birmingham has one of the largest patient catchments regions in Europe (>5 million); high ethnic and socio-economic diversity; highly stable and with a large proportion of young people.
- **Vibrant Life Sciences sector:** The West Midlands has the largest SME Life Science sector in the country and a high quality basic science and technological base.
- A pioneering alliance between academics and clinicians. Birmingham Health Partners was established in December 2011 as a partnership between UHB and Birmingham University with the aim of maximising clinical academic output and interaction with SMEs and global pharmaceutical companies

### Track record

- **Established world class clinical academic programmes:** Birmingham has an established track record of delivery, including hosting the largest Wellcome Clinical Research Facility in the UK, a national Biomedical Research Unit in Liver Disease, the first CRUK Cancer Centre, the largest specialist Cancer Trials Unit in the UK and a National Centre for Trauma Research.
- **Translational Medicine track record:** Birmingham has a proven model for the ITM in the Centre for Clinical Haematology, which, following a public grant of £2.2m, has created 150 jobs and £15m private sector investment as well as improved health outcomes. Many of the associated businesses are export rich. The ITM will benefit from this successful experience and leadership.
- **Clinical trial expertise:** proven capability and an international reputation for world class expertise in clinical trial design and delivery.
- **IT infrastructure:** UHB has a world class track record in the design, delivery and commercialisation of clinical decision support systems (e.g. e-prescribing), health informatics, particularly linking to large complex datasets and creating real-time analytical tools

### Private sector backing

Numerous regional, national and international Life Science companies believe that the ITM has the potential to meet their unmet needs within the market and to deliver growth and jobs within the sector, and have provided letters of support to this proposal. These include GSK; Celgene, SV Life Sciences, The Binding Site; Advanced Bionics (Sonova Group); Cellzome; Bristol-

Myers-Squibb, Sanofi-Aventis; Neurelec; MED-EL; Brunel Institute for Bioengineering; Orphan Europe; BIOAXCESS; PharMomentum; Platelet Solutions LTD; and Cochlear Europe LTD.

**Benefits**

The translational model has been successfully piloted in Birmingham in the Centre for Clinical Haematology, allowing predictions concerning economic benefits to be made with confidence. The CCH received a public grant of £2.2m and created 150 jobs and £15m private sector investment as well as improved health outcomes.

On this basis, we are confident in predicting the creation of 2,000 jobs directly in the life science sector in the long term, and up to 600 in the short term (within 5 years). We would also expect many more in related business developments. These jobs will include a high percentage of knowledge-based, graduate and post graduate roles, mostly in private sector businesses; helping to rebalance the region’s skills mix and utilising the UoB’s high quality training infrastructure. Furthermore, the ITM will deliver £35m of largely private sector clinical trial investment into the region over 5 years, provide access to new and advanced medical technologies which would not ordinarily be available to patients and put Birmingham and the UK on the map as a world leading centre for international excellence in translational medicine.

The risks of not creating such an Institute are potentially far-reaching. Large pharmaceutical companies will look elsewhere internationally to meet their unmet needs for rapid assessment of new drugs and therapeutic devices. Investment will be directed elsewhere and the UK will potentially lose its edge as a leader in this field.

**Cost**

Based on previous experience with the Centre for Clinical Haematology, it is estimated that the cost of this facility will be £25m. This is based on the assumption of 6 floors at 1000m2 per floor (unit cost of £3000 per m2), £3-5m for state of the art equipment and 10% contingency funding.

<b>GBS LEP commitments</b>	<b>Government commitments</b>
<ul style="list-style-type: none"> <li>• Creation of an Institute of Translational Medicine (ITM)</li> <li>• Health Partners from within Birmingham are committed to raising the remaining capital cost for the ITM.</li> <li>• The ITM will be financially sustainable, revenues costs will be generated by each speciality through trial activity and private sector investment.</li> <li>• The ITM will accelerate access to new drugs and medical devices for patients with a broad range of chronic and malignant diseases through rapid access to in excess of £50 million free drugs - equivalent to the establishment of an entirely new Cancer Drugs Fund.</li> <li>• The ITM will unlock growth potential within the NHS by ensuring that investment in research is prioritised and value-added through leveraging other funding, all of which will ultimately deliver better value for money to the NHS, through improved outcome for patients. It</li> </ul>	<ul style="list-style-type: none"> <li>• A Government investment of up to £12m towards the capital costs of the Institute of Translational Medicine, subject to approval of a business case. Funding is sought to cover the cost of the equipment and some of the costs of the facility.</li> <li>• Department of Health will explore the opportunity for Birmingham health and care community to act as a spring board for further improving access and linking to data associated with the development of innovation in biotechnology, in the context of the Government's information strategy for health and care in England - <i>The power of information</i>.</li> <li>• UKTI to support and facilitate export opportunities in the areas of clinical trials, health informatics and new hospital design and strengthen Birmingham’s translational links with BRIC countries such as China and India building on established links with the Birmingham Guangzhou Centre and Gujerat Cancer Institute.</li> </ul>

<p>will ensure the NHS remains at the forefront of translational research, opening up new doors for new and additional investment.</p> <ul style="list-style-type: none"> <li>• Substantially enhance Birmingham's contribution to the UK's Life Sciences export potential, including translational research, world class clinical IT infrastructure, clinical trials expertise and new hospital design.</li> </ul>	
<p><b><u>Impact:</u></b></p> <ul style="list-style-type: none"> <li>• Create in excess of 2,000 high value jobs long-term in clinical trials, diagnostics and adjunctive Life Science Industries, including from spin-outs, expansions of existing SMEs and inward investment.</li> <li>• The wider impact – on the supply chain, on new prevention/therapy business opportunities, and on infrastructure design capabilities – could create further additional jobs at all levels.</li> <li>• Jobs could be created immediately and will also benefit those with for those with low or no skills</li> <li>• The ITM will be a national demonstrator of "how to do it" capable of replication in other sectors across the country</li> </ul>	
<p><b><u>Costs:</u></b></p> <p>The estimated cost of the project is £25m. £8m is sought from Government to contribute to these costs. Birmingham Health Partners is committed to raising the necessary resources with partners (subject to approval in the normal way by the respective Board of Directors of UHB and the University of Birmingham). The ITM will be financially sustainable. Revenue costs will be met by each speciality through trial activity and private sector investment.</p>	
<p><b><u>Governance:</u></b></p> <p>The ITM project will be managed by Birmingham Health Partners, a joint initiative between the University Hospital Birmingham and University of Birmingham, established to optimise clinical academic delivery in translational research and act as a focal point for partnerships with the private sector. A governance and management structure is in place and the BHP business plan is being taken forward. The business plan covers all aspects including infrastructure, staffing, structures, estates and communications, in order to continue to expand and develop a world class centre of excellence in translational research.</p>	

## Proposal 5: Green Deal Accelerator

*Deliver the UK's first Local Authority Green Deal, providing energy efficient improvements to 15,000 houses and 40 public buildings, creating 8,000 jobs and kick starting a £1.5bn investment programme.*

Birmingham City Council is set to become the country's first local authority to appoint a Green Deal provider. The innovative nature of its Birmingham Energy Savers (BES) scheme was recognised by the World Green Building Council who awarded it the world government leadership award for Urban Retrofit in Dec 2011.

It has chosen its approach to ensure that the programme:

- gains traction and develops a strong track record so that it becomes attractive to private finance and become self-financing, enabling it to extend and to deliver a further 45,000 homes in Birmingham and to move into the commercial non-domestic sector;
- delivers energy efficiency to those who need it most, especially the fuel poor, vulnerable people, marginalised groups and those living in hard to treat properties (26% of households in the West Midlands are in fuel poverty);
- results in a vibrant "green economy" delivering both high volume and high value opportunities in customer service, construction, manufacturing and business support, and;
- develops sustainable career opportunities for young unemployed or under employed people who aspire to work in the "green economy".

BES has a preliminary allocation of £75m to be borrowed by the Council and repaid over up to 25 years with additional funding attracted in the form of Energy Company Obligations. The procurement of a Delivery Partner started in 2011 and included 36 other contracting authorities across the West Midlands, bringing the upper limit of the contract value to £1.5bn.

DECC is working actively with a number of key players to ensure that private sector financing is available for the Green Deal. The Green Investment Bank (GIB) has also named the Green Deal as one of its priority sectors for investment, and are working closely with DECC to explore the scope for some public financing, if needed, to catalyse private investment. Should public financing be needed it may be challenged as "State Aid". DECC is already engaging with the Commission to ensure any intervention is compatible with State Aid rules. BES is working closely with DECC on this issue.

The Chancellor's Autumn Statement 2011 included a capital budget of £200m to support the roll-out of Green Deal. The LEP is well placed to use a small amount of this fund, alongside Green Deal payments from householders and businesses plus City Council capital funds to pilot and innovate in five different scenarios as set out in our asks.

BES and DECC will work closely with partners to ensure a high level of consistency between local and national marketing and communication.

<b>GBS LEP commitments</b>	<b>Government commitments</b>
<ul style="list-style-type: none"> <li>• £75m of City Council prudential borrowing</li> <li>• 8,000 new jobs created and sustained by 2020</li> <li>• 15,000 homes refurbished delivering savings in domestic energy usage of 108Gwh and 26 ktonnes pa of CO2 and at least 40 public buildings refurbished delivering savings in energy usage of 46Gwh and 10 ktonnes pa of CO2</li> <li>• 1,500 people on pension or disability premium (eligible for Affordable Warmth Energy Company Obligation (AWECO)) assisted; 2,250 people in fuel poverty but ineligible for AW ECO assisted</li> <li>• 6,000 hard to treat homes (eligible for Carbon Saving Energy Company Obligation) brought from EPC rated 'e' or below to 'c' or above.</li> <li>• 8 eco-neighbourhoods created</li> <li>• At least 1 tower block refurbished at an investment of at least £0.5m</li> <li>• At least 1 district heating scheme established at an investment of £1m</li> <li>• To work with partners to develop a Green Deal message and national awareness raising campaign, utilising both ELENA (European Local Energy Assistance Fund) and network member contributions</li> <li>• To provide management, customer liaison and match funding (including capital programme, ERDF, Green Deal and ECO) for the capital programmes and to prepare evaluation reports so that learning from these can be disseminated.</li> </ul>	<ul style="list-style-type: none"> <li>• Subject to agreement/approval of proposals between DECC and Birmingham, DECC will provide a process for allocating the £200m, seeking capital grant funding in 2012/13 in the region of £3.0m to partially support initiatives such as: <ul style="list-style-type: none"> <li>• Community Green Deal pilot for domestic and non-domestic buildings in selected "eco neighbourhood(s)" as a demonstrator of community approaches to the Green Deal</li> <li>• Tower Block Green Deal pilot, trialling the approach on a multi-occupancy building</li> <li>• Working with the DECC and the Green Deal team to develop and deliver plans for 'Go Early' Green Deal roll out, demonstrating what role LAs can play, with particular focus on how they may wish to involve LEAF communities, Social Housing Providers, the Private Rental Sector and other key players, and how they might drive public awareness through community engagement activities, such as show homes</li> </ul> </li> <li>• More broadly, DECC and BCC working together with other partners to build awareness/understanding of, and trust/confidence in, the Green Deal.</li> <li>• Working with HCA and Sustainable Housing Action Partnership (SHAP) on the Community Green Deal proposal to collaborate with other GBS LEP LAs to extend scale of retrofit outside of Birmingham.</li> <li>• In addition, DECC and Birmingham may work together on the development of plans for deployment of clusters of renewable heat technologies, with potential funding available from DECC for this purpose.</li> <li>• DECC and Birmingham to explore district heating as an approach to resolving energy challenges for existing homes and community buildings</li> </ul>
<p><b><u>Impact:</u></b></p> <p>3,000 new jobs created by Birmingham Energy Savers and sustained by March 2015 and a</p>	

further 5,000 jobs created and sustained by 2020

15,000 homes refurbished and at least 40 public buildings refurbished delivering savings in domestic energy usage of 46Gwh and 10 ktonnes pa of CO2

**Costs:**

Year	Total costs	GD capital fund	GD and ECO*	BCC / BES / Other
2012/13	£5.0m	£3.0m	£1.8m	£0.2m
2013/14	£0.8m	0	£0.6m	£0.2m
	£5.8m	£3.0m	£2.4m	£0.4m

(\* ECO refers to Energy Company Obligation)

**Governance**

The Birmingham Energy Savers (BES) programme is overseen by the BES Board, chaired by the Project Sponsor, the Strategic Director for Development at Birmingham City Council. The Board has representation from the public and private sectors and the local community.

The BES Board reports regularly to the Cabinet Committee for Climate Change and Sustainability. This body was established by Birmingham City Council to deliver the pledges made on joining the Covenant of Mayors in December 2009 and other climate change commitments and objectives. This Committee is chaired by the Deputy Leader of the Council. The membership, procedures and scrutiny arrangements are set out in the Council's Constitution.

**Strategy and Investment Plan**

The BES Strategy is set out in the Business Case approved by BCC's Cabinet on 4<sup>th</sup> April 2011. It is also clearly identified in the Sustainable Energy Action Plan 2005 - 2020.

The Investment Plan is set out in the business case and has been developed on the basis of financial modelling undertaken on behalf of the Council by the Energy Saving Trust.