

**GREATER BIRMINGHAM & SOLIHULL LOCAL ENTERPRISE PARTNERSHIP
JOINT SCRUTINY COMMITTEE - 9 July 2021**

MINUTES

- Present: Councillor S McKiernan (Chairman): East Staffordshire Borough Council
- Councillor Dr. S Peale (Vice Chairman): Tamworth Borough Council
- Councillor D Leytham: Lichfield District Council
- Councillor M Hart: Wyre Forest District Council
- Councillor P Griffiths: Birmingham City Council
- Councillor A Kriss: Bromsgrove District Council
- Councillor P Hewitt: Cannock Chase District Council
- Guests: Ed Watson, Interim Chief Executive - Greater Birmingham and Solihull Local Enterprise Partnership
- Henriette Breukelaar, Director of Economic Strategy - Greater Birmingham and Solihull Local Enterprise Partnership
- Christian Cadwallader, Consultant Project Manager, Greater Birmingham and Solihull Local Enterprise Partnership
- Officers: Paul Rogers, Democratic Services - Solihull Metropolitan Borough Council

The Greater Birmingham & Solihull Local Enterprise Partnership Joint Scrutiny Committee meeting commenced at 2:00 p.m.

1. APPOINTMENT OF CHAIRMAN AND VICE CHAIRMAN TO THE GBSLEP JOINT SCRUTINY COMMITTEE

Councillor S Peale proposed Councillor S McKiernan for the position of GBSLEPJSC Chairman for the 2021/22 municipal year, which was seconded by Councillor M Hart.

Councillor S McKiernan proposed Councillor S Peale for the position of GBSLEPJSC Vice Chairman for the 2021/22 municipal year, which was seconded by Councillor M Hart.

No other nominations for the position of GBSLEPJSC Chairman or Vice Chairman were received.

RESOLVED:

That Councillor S McKiernan and Councillor S Peale serve as the GBSLEPJSC Chairman and Vice Chairman respectively for the 2021/22 municipal year.

**GREATER BIRMINGHAM & SOLIHULL LOCAL ENTERPRISE PARTNERSHIP
JOINT SCRUTINY COMMITTEE - 9 July 2021**

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor A Hodgson (Solihull), Councillor M Chalk (Redditch), Councillor J Grubb (Substitute Member, Redditch) and Councillor P Thomas (Bromsgrove), for whom Councillor A Kriss (Bromsgrove) was substituting.

3. DECLARATION OF PECUNIARY OR CONFLICTS OF INTEREST

Councillor S McKiernan declared that she was a Trustee of the South Staffs Mental Health Network and had received advice from the GBSLEP Growth Hub. Councillor P Griffiths declared that he was a Non-Executive Director of Civica.

4. QUESTIONS AND DEPUTATIONS

No questions or deputations were received.

5. MINUTES

The Greater Birmingham and Solihull LEP Joint Scrutiny Committee:

RESOLVED:

That the Minutes arising from the Greater Birmingham and Solihull LEP Joint Scrutiny Committee meeting held on 26th March 2021 be AGREED as a correct record.

6. INDUCTION FOR GBSLEP JOINT SCRUTINY COMMITTEE MEMBERS

The Director of Economic Strategy (GBSLEP) delivered a PowerPoint presentation for Members of the GBSLEPJSC, providing an overview of the role, responsibilities, funding arrangements and project deliverables for the GBSLEP.

Having received the presentation, the Greater Birmingham and Solihull LEP Joint Scrutiny Committee:

RESOLVED:

- (i) To note the content of the presentation; and,
- (ii) To note the intention of the GBSLEP Executive to arrange a tour of GBSLEP projects for Scrutiny Members when Covid-19 restrictions allow.

7. ALEXANDER STADIUM: LOCAL GROWTH FUND UPDATE

The purpose of the report was to update Members on the Alexander Stadium project as part of the Local Growth Fund programme.

An application for Local Growth funding was submitted by Birmingham City Council in 2019 for £20M of support via the GBSLEP Local Growth Fund towards delivery of the Alexander Stadium, with the total project cost at that time amounting to £72M. Whilst the funding was primarily directed towards construction costs, a number of other

GREATER BIRMINGHAM & SOLIHULL LOCAL ENTERPRISE PARTNERSHIP JOINT SCRUTINY COMMITTEE - 9 July 2021

significant outcomes were realised, including continued use of the Alexander Stadium post-games. A study undertaken in 2017 showed that could represent a significant impact across the West Midlands. Works commenced on the Stadium in May 2020. The current programme has scheduled project completion for February 2022, with good progress being made.

The Stadium is being monitored in respect of the social benefits it is achieving, which includes local employment, good employer targets, partnerships in the community and delivery of sustainability aspirations to be delivered through the project in terms of CO2 reduction. Programmes were in place to support local procurement and procurement opportunities for local businesses, all of which is monitored and reported. GBSLEP were also supporting other projects which were supporting the Commonwealth Games via the Local Growth Fund, such as the Perry Bar Phase 2 (train station) project and via the Enterprise Zone the clearance of the Birmingham Smithfield site for use via the Commonwealth Games.

Having received the presentation, Members of the Joint Scrutiny Committee raised a number of related questions, which in summary included the following matters:

Councillor Peale questioned some of the employment opportunity targets, citing the level of expectation and in some cases there being no targets set at all, specifically pertaining to young people. Councillor Peale stated that in future set targets should be more rigorous in relation to the funding set aside. In respect of Buy Local, it was welcomed that SME's had been recognised and that contract spend with SME's was at 73% against a target of 85%, but questioned how the target setting had been established at the start of the project and whether the targets for the latest project proposals had been given greater consideration than before.

Members were advised that the setting of future targets by the project sponsor (Birmingham City Council) would in future be given rigour in their setting and that the current targets had been established against defined criteria. Some of the targets were dependent on at what stage of the contract had been reached and the length of the remaining contract period. Scrutiny of proposed targets was undertaken at the Business Case assessment stage before funding was allocated, but the level of rigour applied to future target setting would be taken into account in future.

Councillor Kriss questioned the targets set against *Partners in Communities*, specifically for volunteering hours and public engagement, whether the LEP had attained a position it expected to be in for delivery against these targets. Members were advised by the Consultant Project Manager that owing to the Covid pandemic, it had been a turbulent year for delivering public engagement exercises, such as that for the Alexander Stadium. However, every effort was being made to continue to facilitate public engagement, including through the summer period in order to meet and exceed the established targets wherever possible.

Councillor Griffiths noted that the Volunteer Programme had attracted 15,000 applicants to date and that a significant number of the volunteering roles were reserved for young people. The intention was for the volunteering roles to lead to recognised qualifications for those young people volunteering which would support them into future employment. The Interim Chief Executive (GBSLEP) also noted that the Commonwealth Games presented a suite of opportunities across the social demographic and physical infrastructure across the West Midlands region. Furthermore, one of the benefits arising from the GBSLEP funding contribution

GREATER BIRMINGHAM & SOLIHULL LOCAL ENTERPRISE PARTNERSHIP JOINT SCRUTINY COMMITTEE - 9 July 2021

towards the hosting of the Commonwealth Games was that it would hopefully contribute to the revitalisation of the culture and hospitality sector through those visitors arriving in 2022 for the Games.

The Greater Birmingham and Solihull LEP Joint Scrutiny Committee:

RESOLVED:

- i. To note the progress made on the Alexander Stadium project.

8. ENTERPRISE ZONE (EZ) 2020/21: QUARTER 4 UPDATE

The purpose of the report was to inform Members of the 2020/21 Enterprise Zone (EZ) Programme Financial Outturn position and secondly, to provide an update on the Enterprise Zone (EZ) Programme and progress on the Enterprise Zone Investment Plan.

The Consultant Project Manager drew Members attention to three key tables within the report, specifically Table 1 for the Q3 and Q4 end of year forecast 2020/21, which reported a slight fiscal surplus, which was more than anticipated, owing to a slight reduction in Capital spend and, secondly, in terms of the increased net arising from business rates income arising from the reduction of appeals via the latest Valuation Office data.

Table 2 of the report sets out the annual forecast for the next five years and gives an indication how the business rates income should start to increase over the coming five years. In terms of moving from Q3 to Q4, the LEP had received an application of Financial Principles 16, which sets out all those projects with no Outline Business Case (OBC) approved by the LEP. The associated costs would be parked at the end of the programme with the difference in the Q3/Q4 figures detailed in Table 3 as a result. Table 3 shows a difference between secured/committed business rates income, compared to all business rates income included/anticipated. If only the secured/committed business rates income were allowed for it reports the programme at a net deficit of £659M, whereas if all the forecasted business rates were included as income the position changes significantly to a £633M surplus. The reported position is purely on a prudence basis and assists with calculating affordability throughout the programme.

The Enterprise Zone Investment Plan refresh was reported to have commenced, which would align somewhat more closely with the GBSLEP Delivery Plan, as well as the emerging 'Our Future City Plan' via Birmingham City Council. The three EZ key projects remained as Birmingham Smithfield, which had had its strategic OBC approved by GBSLEP Board and the signing of the Joint Venture Agreement with Lend Lease. Paradise Phase Three was being progressed, and an OBC had also been received for consideration of EZ funding from Martineau Galleries, which could potentially contribute over £500M in Business Rates Income to the EZ Programme. A number of other key project sites have also been approved, such as for Digbeth High Street and Southside Public Realm, for which work has commenced on site.

Consideration has been given to bringing forward new projects as part of the EZ Investment Plan with the GBSLEP concluding that the review of the EZ Investment Plan and the review of the Project Pipeline provides an excellent opportunity to revisit

GREATER BIRMINGHAM & SOLIHULL LOCAL ENTERPRISE PARTNERSHIP JOINT SCRUTINY COMMITTEE - 9 July 2021

how the project is being delivered, how it is moving towards delivering improved income, and how the GBSLEP can be more strategic in its finding and support for the project, whilst also providing a level of prudence in terms of spend.

Other updates for the EZ include the PWC audit report, carried out during Phase 1 and 2, which had been presented to the GBSLEP Project Delivery Board and GBSLEP Board, receiving positive assurance for Phase 2 (and some feedback for Phase 1). Of note was that the GBSLEP Programme Delivery Board and the GBSLEP Board received an EZ Update Report at every meeting for the major projects and associated financial reports every quarter.

Having received the introduction to the report from the Consultant Project Manager, in summary Members asked the following questions:

Councillor People raised the issue of future processes governing Business Rates retention in relation to local authorities and queried how much of an impact the LEP saw arising from the application of any new Business Rates arrangements and, secondly, was any information available in relation to business property occupation rates. Finally, Councillor People sought clarification as to whether some smaller sized local authorities could still expect to receive additional funding through the Business Rates scheme as had been previously expected.

The Consultant Project Manager advised that in terms of income, the EZ was slightly different to the on-going Business Rates Relief. The EZ had secured business rates growth up to 2045/46, which provided Birmingham City Council with the assurance it needed to invest on the LEP's behalf up until 2045/46.

In terms of demand for commercial space across Birmingham, Members were advised that the market was in some flux. Positive indications were being received from some developers in the market at the present time, along with some hesitancy in the present climate. GBSLEP have commissioned Cushman and Wakefield to review the potential impact on commercial rental space, as well as reviewing separately how some sites suffering from the impact of the pandemic can be supported further still.

It was confirmed that the Regional Fund was still allocated within the EZ Investment Plan. Members were advised that a surplus was required within the fund to accommodate the wider programme, which was confirmed at £5M per year for a period of four years. The programme was being pro-actively reviewed to see how it could support wider regional work on the back of the EZ.

Councillor McKiernan sought further information around the selection and appointment process for Cushman and Wakefield and was advised that the procurement exercise was carried out by Birmingham City Council on an open tender basis and not by the LEP on this occasion.

Councillor Kriss sought further information on the impact on businesses in Birmingham City centre arising from employees continuing to work from home, rather than from designated office space. The Consultant Project Manager confirmed that working practices were very much part of the demand model being used to define what future demand would look like for commercial rental space. Both the size and type of organisation concerned were factors to be taken into account. The LEP was hoping to have a model and data in place in coming months which could be used to assess what impact may arise on the future Business Rates model arising from employees

GREATER BIRMINGHAM & SOLIHULL LOCAL ENTERPRISE PARTNERSHIP JOINT SCRUTINY COMMITTEE - 9 July 2021

changing and alternative working practices arising from the pandemic. The model would be used not only to assess potential impact on the EZ, but also in regard to footfall across the city in general.

The Director of Economic Strategy

The Greater Birmingham and Solihull LEP Joint Scrutiny Committee:

RESOLVED:

- i. To note the outturn financial position 2020/21;
- ii. To note the impact of the Covid-19 pandemic; and,
- iii. To note the progress on the Enterprise Zone Investment Plan 2021/22.

9. ROUTE TO RECOVERY

The report was provided to give background to the GBSLEP Route to Recovery process.

The Interim Chief Executive presented the report. Members were informed that GBSLEP had rapidly put in place a series of economic interventions driven by the Recovery Taskforce in order to support the economy, businesses and community. GBSLEP funding amounting to £3M was re-purposed in order to support businesses in a range of different ways, such as the Pivot and Prosper scheme. A series of sector recovery plans were also developed, which are regularly scrutinised by the Recovery Taskforce, and the sharing of data and intelligence across sectors to gain a better understanding of how the LEP can provide targeted support. Arising through the Recovery Taskforce and supported by the LEP Board is the Young Peoples Recovery Strategy. It was clear through the data available at an early stage of the pandemic that the pandemic was having a disproportionate impact on young people.

The GBSLEP Director for Economic Strategy further informed Members that the Pivot and Prosper programme was established with £2M of funding to support businesses with grants of up to £40,000, providing that the businesses met three criteria:

- They were small businesses (up to 100 employees)
- That they fitted in one of six priority sectors
- The grants could be used to innovate and grow the business and create and safeguard jobs.

The Pivot and Prosper programme achieved and delivered on the objectives detailed above quickly. The GBSLEP was of the opinion that it was important to undertake a robust evaluation of the Pivot and Prosper programme as to how it had been run and what success had been secured through the programme. An external evaluation was commissioned and undertaken. Some key findings arising from the review included the fifty grants awarded to businesses through the programme, which were spread across the six sectors as well as being geographically dispersed across the LEP area.

The level of match funding for the programme was reported to be 44%, which was a very healthy level of match funding (the minimum level for the programme having been

GREATER BIRMINGHAM & SOLIHULL LOCAL ENTERPRISE PARTNERSHIP JOINT SCRUTINY COMMITTEE - 9 July 2021

set at 25% match funding). The grants were used in a variety of ways by the businesses concerned, but it was evident that businesses were keen to upgrade their digital services and applications (largely arising through the restrictions during the pandemic period on personal interactions and a greater move towards remote service delivery). The programme was successful in safeguarding jobs, with an additional 500 jobs generated (with a forecast of generating over 600 jobs) and retaining in the region of £30M GVA.

The programme evaluation was very positive. A number of lessons had been learned through the programme, such as suitability of project timescales for businesses, marketing and refining the programme criteria to ensure that they were aligned with the GBSLEP strategic priorities. The overwhelming conclusion was the Pivot and Prosper had provided excellent value for money and had delivered a number of significant successes. It was the LEP's intention to facilitate another Pivot and Prosper programme.

Councillor Kriss welcomed the report and the success of the Pivot and Prosper programme and requested that any iterations of the programme in future be as widely publicised and marketed across the region as was possible.

Councillor People questioned whether the safeguarding of jobs would continue to be a part of the LEP's policy development going forward. Councillor People further noted that significant value arising had been through the safeguarding of jobs in the low carbon sector and questioned what factors entailed low carbon businesses to struggle and seek help from the LEP in terms of securing jobs and did the factors causing such apparent insecurity influence what help was needed in successfully developing low carbon industries.

The Director for Economic Strategy advised that there were jobs requiring safeguarding and that the LEP provided support in such cases, but it was very likely that the LEP's future focus would be more around job creation. In respect of jobs in the low carbon sector being impacted, some carbon assessment jobs had been impacted during the pandemic due to the loss of access to properties for non-essential visits for example. Members were further advised that some of the job roles were not within the low carbon sector itself, but rather a case of supporting organisations to move towards low carbon working practices.

Councillor People questioned job security and financial support for the creative and cultural sector, and questioned whether the LEP was confident that the sector was adequately supported in this respect and that organisations that would not normally be expected to be supported had actually received support through the pandemic period. It was agreed that a detailed response would be provided to Councillor People outside of the meeting.

The Greater Birmingham and Solihull LEP Joint Scrutiny Committee:

RESOLVED:

- i. To note the model adopted through the establishment of the Recovery Taskforce, as detailed in Appendix A to the report; and,

**GREATER BIRMINGHAM & SOLIHULL LOCAL ENTERPRISE PARTNERSHIP
JOINT SCRUTINY COMMITTEE - 9 July 2021**

- ii. To note the process adopted for the evaluation of the Pivot and Prosper Intervention implemented as part of the Route to Recovery, as detailed in Appendix B to the report.

**10. GREATER BIRMINGHAM AND SOLIHULL LEP JOINT SCRUTINY
COMMITTEE DRAFT WORK PROGRAMME 2021/22**

The Greater Birmingham and Solihull LEP Joint Scrutiny Committee:

RESOLVED:

- i. To note the Greater Birmingham and Solihull LEP Joint Scrutiny Committee Work Programme 2021/22.

11. EXCLUSION OF THE PRESS AND PUBLIC

The meeting was not open to the public during discussion of the following item because the report contains exempt information as defined in Schedule 12A to the Local Government Act 1972.

12. LEP REVIEW: UPDATE

The Greater Birmingham and Solihull LEP Joint Scrutiny Committee meeting finished at 3:40 p.m.