

BUSINESS BOARD	AGENDA ITEM NO: 4.3
23 SEPTEMBER 2019	PUBLIC REPORT

LOCAL INDUSTRIAL STRATEGY DELIVERY PLANS

1.0 BACKGROUND

1.1. In May 2019, the Business Board and Combined Authority Board approved a Strategic Outline Business Case (SOBC) to establish three new business support services, approved as part of the Local Industrial Strategy. These services included:

- An ***Inclusive Growth Service***, to engage our highest potential growth firms to better support them to accelerate their growth, increase their capacity and capability for growth, sustain their period within growth, or all three. The service was proposed to be delivered in each of our three sub-economies in a tailored manner to better spread growth more evenly across our total economy.
- An ***Inward Investment Service***, to extend our reach into key global markets, to engage and persuade both overseas firms and those from elsewhere in the UK, to locate into our economy or invest in our strategic projects to increase our employment space, develop our transport infrastructure or establish our new university.
- A ***Skills Service***, to provide a more effective brokerage between young talent and those retraining or progressing in a career, our employers and our skills providers, to improve the supply of skills to better enable growth.

1.2. **To finance the services**, it was proposed to construct a broad funding strategy that combined funding allocated for use by the Business Board, such as Enterprise Zone business rate receipts, staff costs, Local Growth Funding (LGF) and Growing Places Funding (GPF), with external funding from DWP and MHCLG in the form of European Social Funds (ESF) and European Regional Development Funds (ERDF).

1.3. **To mobilise the services**, it was proposed that a Growth Company should be established to recruit and manage expert and specialist staff to deliver all three services.

<u>DECISION REQUIRED</u>	
Lead Member:	Austen Adams, Interim Chair of the Business Board
Lead Officer:	John T Hill, Director of Business & Skills
Forward Plan Ref:	Key Decision: No
<p>The Business Board is recommended to:</p> <ul style="list-style-type: none"> (a) Note the revised Financial Strategy; (b) Note the revised Commercial Strategy; and (c) Approve the submission of an application to the Local Growth Fund for equity investment into the Growth Company. 	

2.0 PURPOSE

- 2.1. To outline the changes to the Strategic, Financial and Commercial Cases within the development of the SOBC into an OBC
- 2.2. The SOBC envisaged that work would continue over the summer to develop, evidence and validate the delivery plans for the three services. Progress on this has been significant and this update is designed to report to Business Board and Combined Authority Board Members, the changes to the SOBC proposals for a Growth Company that are being considered. These changes include:
 - **The development of the strategic case** to include in addition to the three core services, the potential £15m budget for a Capital Growth Grant (approved as a pilot in May), along with a £1m budget for an Innovation and Relocation Grant (as specified in the LIS).
 - **The development of the financial case** to adapt to the Combined Authority's auditors' re-designation of the Growing Places Funding (GPF), returned from repaid project loans, from revenue to capital. This has necessitated the development of a solution to replace the £5m GPF revenue component of the SOBC funding strategy, using a method to convert an application to the Business Board for capital funding from the Local Growth funding (LGF) to revenue funding, through an equity investment into the Growth Company. This will necessitate CPCA officers submitting an application for around £5m from the CPCA's Growth Company, to the Local Growth Fund, for equity investment into the Growth Company in order to create a revenue fund with which to potentially procure providers or directly deliver the services.
 - **The development of the commercial case** based on evidence gathered since May around the potential viability and benefits of procurement by the

Growth Company of private sector providers to deliver the Business Growth Services, versus recruitment into the Growth Company, of new and existing CPCA staff, to deliver the services.

- 2.3. CPCA officers propose to complete local sub-economy Delivery Plans and include these in market engagement with prospective private sector providers of the five services, in order to build an evidence base for an OBC in November, in turn for a final recommendation for delivery through procured providers to Growth Company, rather than recruited staff to it.
- 2.4. A more detailed explanation of the changes described is provided within Appendix 1.

3.0 FINANCIAL IMPLICATIONS

- 3.1. No significant implications.

4.0 LEGAL IMPLICATIONS

- 4.1. No significant implications.

5.0 IMPLICATIONS FOR NATURE

- 5.1. None.

6.0 OTHER SIGNIFICANT IMPLICATIONS

- 6.1. None.

7.0 APPENDICES

- 7.1. Appendix 1 - Update on the Local Industrial Strategy Delivery Plans & Mobilisation Strategy