

### Open Report on behalf of Executive Director for Environment and Economy

Report to:	<b>Economic Scrutiny Committee</b>
Date:	<b>8 September 2015</b>
Subject:	<b>Midlands Engine / Northern Powerhouse</b>

#### Summary:

This report, which has also been shared with the Greater Lincolnshire Local Enterprise Partnership (GL LEP), provides the Economic Scrutiny Committee members with information about "The Midlands Engine". The Midlands Engine is a government led initiative to stimulate growth across the East and West Midlands. It is likely that announcements of government finance for growth and productivity will be focused around initiatives such as this, and so it is important that Lincolnshire County Council (LCC) plays a full role in the initiative.

#### Actions Required:

Members are asked to:

- i) Note the scope of the Midlands Engine
- ii) Identify any examples of how businesses and communities in their electoral divisions are connected into the East and West Midlands
- iii) Comment on the suggested inputs to the Midlands Engine

## 1. Background

### Long term economic plan for the Midlands

#### "The Midlands the Engine for Growth"

Before the general election the Prime Minister and the Chancellor announced plans for a Midlands Engine. This is an economic plan for the East and West Midlands. Jobs, skills, transport, science, and quality of life are at the heart of the six-point long term economic plan to make the Midlands the Engine for Growth in the UK. The plan aims to:

1. raise the long term growth rate of the Midlands to at least the forecast long term growth rate of the whole UK – adding an extra £34 billion to the Midlands economy in real terms by 2030, equivalent to over £3,000 per person.
2. create 300,000 extra jobs in the Midlands by backing the core strengths of the local economy like advanced manufacturing and engineering.
3. put skills at the heart of the economic revival of the Midlands, working with local businesses and the Local Enterprise Partnership on a radical new matching service for local working people and increasing skilled apprenticeships. The government is devolving power over skills, which is currently centred in Whitehall, to the Local Authorities and Local Enterprise Partnerships in the Midlands, on the condition that different areas combine together to produce a strong joint plan.
4. deliver £5.2 billion of investment into new transport infrastructure in the Midlands, upgrading the motorways to four lanes, delivering faster north-south rail connections and east-west links, and make the most of the economic opportunities of HS2.
5. back science and innovation in the Midlands, focussing on the plan for local universities to develop an Energy Research Accelerator and support new technology in the world-leading automotive sector.
6. improve the quality of life in the Midlands by regenerating run-down estates, investing in the county towns, supporting the construction of 30,000 new homes and making improvements to local education so 150,000 more pupils attend outstanding schools. Government will also support events to commemorate the 400th anniversary of Shakespeare's death, along with the engineering and military history of the region.

In making the Midlands an Engine for Growth, the pair announced a number of new measures to improve skills, transport links, invest in the science, innovation, and energy, and improve quality of life:

- improve skills with a new four point plan including agreement in principle to devolve skills spending to Combined Authorities in the Midlands as and when they are formed
- develop a new approach to matching people with job opportunities with Andy Street, Chief Executive of John Lewis and Chair of the Birmingham and Solihull LEP, working with businesses to match workers with apprenticeships, training opportunities and skilled job, supported by 100 new job coaches
- support the development of a major new university in Hereford - the Chancellor has asked Universities Minister Greg Clark to work with the Hereford team.
- invest £5.2bn to create a modern, interconnected transport network for the UK centred on the Midlands by starting work to upgrade the M1 and M5 to four lanes in summer 2015, and develop the case for electrifying the main rail lines between Bristol and Birmingham and Derby and Birmingham. The Chancellor will also back plans for a High Speed Rail Investment Summit in Birmingham
- build on the Midlands' world-leading scientific and engineering capability by inviting local leaders, universities and businesses to work together on building a strong case for new science investment in the Midlands, including looking at proposals for a new national hub for energy research

- capitalise on the Midlands' strong heritage in the automotive sector by announcing the expansion of the MIRA enterprise zone in Nuneaton, the UK's largest Automotive Technology Park
- create four new Food Enterprise Zones (FEZs) in the Midlands in 2015, which will provide a boost to the food supply chain industry and create hubs across the region to attract food and farming businesses (Note: 3 FEZs approved in Greater Lincolnshire)
- improve quality of life across the region by supporting the construction of up to 30,000 new homes and improve educational outcomes so that over 150,000 more pupils attend outstanding schools. The Department for Communities and Local Government will also work with the Treasury to look at how best we can kick-start estate regeneration in the Midlands.
- celebrate the 400th anniversary of Shakespeare's death in 2016 by supporting the transformation of Shakespeare's last house New Place into an exciting, innovative and inspiring heritage site. Alongside this, the Royal Mint will mark the anniversary with a new commemorative coin. Finally, the government will recognise the region's engineering and military history by supporting a memorial for the first tank which was designed and built in Lincoln.

### **What does this mean for Greater Lincolnshire?**

Much of the detail behind the plan at this stage is essentially a summary of existing commitments through Growth Deal funding, other scheduled Government investments in the Midlands area and the availability of national funding programmes to boost future growth (Rural Development Programme, Large Sites Infrastructure Fund, Get Britain Building, Builders Finance Fund, Local Infrastructure Fund).

The main focus of new scheduled investments is on the West Midlands area and along the M1 corridor. There are some references made to Growth Deal commitments in Greater Lincolnshire ie the three Food Enterprise Zones, a new Enterprise zone in Greater Lincolnshire, West Lindsey Housing Zone, Boston Barrier and other flood risk and sea defence initiatives on the Humber bank. Perhaps we need to engage more with the overall Midlands Engine strategies so that the focus on West Midlands and on M1 corridor is shifted.

Overall the plan aims to add £34 billion to the local economy and 300,000 jobs over the lifetime of the new Parliament. The announcements do not provide any detailed breakdown on where the specific housing or employment growth numbers will be targeted or accumulated from at this stage.

### **Suggested inputs and actions for Lincolnshire**

**Enterprise** - Greater Lincolnshire has a history of innovation in engineering - tractors, tanks, turbines to name a few. The University of Lincoln has a strong engineering school, with significant input from Siemens and Rolls Royce. We want further investment in the business focused aspects of engineering and renewables, creating technologies that can be exported across the world.

**Capital** - Our history of innovation shows that we are creative; look at how businesses like BGB Innovation (Grantham) have evolved from split rings to being a Queens Award for Export winner in innovation and technology. However, the simple fact that we are a rural area means that our capital is locked up in land and that increasingly restricts our businesses' ability to grow. The acceleration of a major business finance scheme -using ERDF and the legacy funding of RDAs- will tackle this and help us to create many more BGBs.

**People** - The Midlands will only grow if more houses are built, and we can see from our local plan allocations that Lincolnshire is prepared to commit to a major house building programme. Lincoln's Western Gateway will provide a modern housing zone, with the potential for a combined heat and power scheme from the Energy from Waste plant. It will be unlocked if government helps us to dual the Lincoln bypass, complementing the improvements to Newark's A1/A46/A17 junction to create a high speed route between the historic cities of the Midlands.

**Land** - Lincolnshire's food and fish production sector is second to none, and it is strategically located. Improvements to the A17 and A15 will help the sector to export more effectively through the North West and East Coast ports respectively. As the cluster adds substantial value to imported food, and is a high user of modern technology that is produced across the Midlands this would be an investment for the region and for the country.

## **2. Conclusion**

In conclusion, being part of the Midlands Engine is likely to be essential to our attraction of government grants and initiatives. Members' comments on how we should engage with this initiative would be very welcome.

## **3. Consultation**

### **a) Policy Proofing Actions Required**

n/a

## **4. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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