

<b>Decision maker:</b>	<b>Cabinet member – economy and communications</b>
<b>Decision date:</b>	<b>Thursday 17 May 2018</b>
<b>Title of report:</b>	<b>Funding contributions towards the Midlands Engine and WM Rail</b>
<b>Report by:</b>	<b>Programme director, housing and growth</b>

## **Classification**

Open

## **Decision type**

Non-key

## **Wards affected**

All Wards

## **Purpose and summary**

To seek approval to pay the council's annual membership contributions to the Midlands Engine (ME) 2018/19 and 2019/20.

Herefordshire Council has been actively engaged with regional bodies established under national policy including Midlands Engine, and Midlands Connect. A recent corporate peer challenge recommended that, given the importance of economic growth to the county's future ambitions, the council should seek to expand its influence, and continue to develop strong relationships at a national, regional and sub-regional level.

The council's involvement in the ME has already proved fruitful for the county, helping to secure substantial funding to support our transport and growth ambitions for the county and thereby increase Herefordshire's contribution to the wider regional economy. In light of the continued government focus on the ME model it is recommended that the council continue its participation.

## **Recommendation(s)**

**That:**

**(a)the programme director housing and growth be authorised to pay a membership fee to**

the Midlands Engine amounting to £40k for the periods 2017/2018 and 2018/19.

(b) That Midlands Engine be added to the councils strategic partnership register.

## Alternative options

1. Not to contribute to the ME. This is not recommended as it could have a negative impact on Herefordshire's ability to access government funding via the ME and negatively impact the ability of the council to influence regional growth plans.
2. The council could opt to withdraw from the Midlands Engine, but such a move would be contrary to the Peer Challenge recommendations and could reduce Herefordshire's voice/influence within the West Midlands.

## Key considerations

### Midlands Engine

3. **Established in 2016**, the ME is an unincorporated partnership between councils, local enterprise partnerships (LEPs), universities, businesses and government who come together to achieve greater economic growth and productivity across the whole of the Midlands. It is a key part of the region's vision to rebalance and grow the UK economy. The partnership's key functions are:
  - Working collaboratively together to secure a "one voice" approach to key priorities/investment opportunities for the Midlands region.
  - Building a stronger evidence base to understand and identify key regional issues which could enhance economic growth such as improved skills, energy supply, and low exports infrastructure.
  - Working across Government on the delivery and further development of key "strategic" investment programmes already underway and which are of national / regional importance - e.g. Midlands Connect, Midlands Engine Investment Fund, Midlands Engine Energy Accelerator
  - Bringing together the best of public and private sector experience to deliver targeted export campaigns connecting international demand to Midlands' supply.
  - Taking forward the work of the Midlands Engine Innovation Group including the delivery of innovation projects which fully exploit the region's cross-sector capabilities in local, national and international markets.
4. Building on the modern Industrial Strategy, the ME strategy sets out the actions being taken to address productivity barriers across the Midlands, enabling businesses to create more jobs, export more goods and services, and grow their productivity. Being a partner of the ME provides a platform for the county to attract investment and grants for economic development projects
5. The ME strategy sets out five priorities for investment that will enable the Midlands to contribute to the UK's Industrial Strategy and drive Britain's post-Brexit growth. These are:

- Midlands Connect: aimed at maximising new technologies to deliver a radical transformation of Midlands connectivity;
  - Grow trade and investment in new markets to create jobs in a global economy;
  - Invest in the most sustainable and advanced technology to deliver the infrastructure required to meet future business and resident needs;
  - Create an environment where the strengths identified by the Science and Innovation Audit can be maximised to benefit the whole region, helping to create successful growth businesses; and
  - Promote the Midlands as a great place to live, visit, learn and work.
6. All councils and LEPs in the region are, by virtue of their location, part of the ME. During 2017/18 the ME developed and approved a governance structure including the ME Partnership Forum aimed at establishing a communication platform where the partnership can come together, exchange collective views, practices, engage with wider regional peers and ultimately secure a single voice approach to the ME. The ME Partnership Forum comprises all Midlands's business chairs/chief executives of major business organisations, all elected members from all ME county and unitary councils, all LEP chairs, Vice-Chancellors from all universities in the Midlands and key partners of the Midlands Engine Partnership.
7. One strand of ME, Midlands Connect, is collaboration across the whole of the Midlands between councils, LEPs, Network Rail, Highways England and central government. In terms of benefits:
- HC membership to ME automatically links it to Midlands Connect which allocated £300k of its funding to help progress the Hereford Bypass scheme development. The bypass scheme has been identified as 'an early priority' for Midlands Connect as it supports connectivity within the Marches, the Midlands region and across the border with Wales. Work is being done to make Midlands Connect a statutory body, reporting to the Department of Transport.
  - Herefordshire Council has also been awarded £5m from the Department for Transport's Local Highways Maintenance Challenge Fund. The Challenge Fund provides a mechanism for local authorities to bid for funding for major maintenance projects that cannot be met by the normal funding allocations. The fund will enable Herefordshire Council to support economic growth in the region by investing in transport routes leading to Herefordshire's Enterprise Zone - a world-class business hub hosting in excess of 200 companies. The road maintenance works will include a specific focus on the Midlands Connect strategic economic corridors which comprise of the A465, A438 and A4103 through Herefordshire
8. Herefordshire Council is represented by relevant portfolio holders and senior officers in the Midlands Connect Leaders' Group, Champions Group and Technical Officers Group to deliver the Midlands Connect's strategy called Delivering a Transport Strategy for The Midlands. One of the key priorities of the strategy is the Herefordshire Bypass.
9. Following the development of the more formal governance and operational structures necessary to drive delivery of its strategy government has confirmed their acceptance of the ME business case and agreed a £4m package of core funding to operate the Engine for a period of two years, subject to partners providing match funding. The ME Executive Board agreed that councils and combined authorities be asked to provide a contribution of £20k pa during 2017/18 and 2018/19 financial years. ME will use the £4million core funding, matched by partner contributions to produce evidence driven programmes that can compete on the world stage to meet its long-term ambition to drive up productivity

and economic growth and support a range of activities (secretariat, marketing, project development etc.) subject to decisions made by the Executive Board.

10. The findings of a recent Local Government Association Corporate Peer Challenge recognised that the council is a well-respected player at the sub-regional level with a track-record of success, and encouraged the council to continue to look outwards to secure investment and other benefits for the county, including through its ongoing engagement with a range of regional and sub-regional partners. It is therefore recommended that, our membership of the ME be continued and the councils contribution of £20k in each 2017/18 and 2018/19 towards the operational costs be approved.
11. Herefordshire Council is also a partner of West Midlands Rail (WMR) with the leader appointed as a director and of the Cabinet Member for Transport and Roads appointed substitute director.

## **Community impact**

12. Engagement with the ME will support the progression of the economic priorities of Herefordshire by enabling the council to influence the development of regional economic strategies, and support access to economic growth funding.

## **Equality duty**

13. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities and other bodies is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

14. There are no direct impacts arising from the recommendations. As with any bodies, the ME will have to demonstrate how it is meeting its public sector equality duties in its decision making.

## **Resource implications**

15. Membership of the ME is conditional upon an annual membership fee of £20k. For 2017/2018 and 2018/2019 this will be met from the Chief Executive budget. The benefits that Herefordshire has received to date include £300K for the Hereford Bypass Scheme and £5m from the Department for Transport's Local Highways Maintenance Challenge Fund. Likewise, Midlands Engine is supporting the Hereford Bypass to deliver growth and jobs in Herefordshire and West Midlands. Future benefits include support for trade missions, attracting inward investment and funding for transport, skills, research and innovation, etc. Aside from paying the membership fee, officers from the transport team attend the Midlands Connect meeting. Likewise, the chief executive attends some of the meetings of Midlands Engine.

## Legal implications

16. The ME is a mechanism for collaboration across the region and is intended to support the work of the West Midlands Combined Authority. The ME is not a legal entity in its own right and there are no significant legal implications arising from this Report.

## Risk management

17.

Risk/opportunity	Mitigation
Isolation	Engagement with ME and WM Rail allows the council to further collaborate with stakeholders at regional and with Government at the national level, in order to maximise the opportunities for the county to realise its policy intentions in the long term. This close working relationship will enable long term policy planning to take place through the review of the Local Plan and associated economic growth strategy.
Weaken the ability to influence national policy on infrastructure, skills and economic development	Building relationship with ME and WM Rail will open doors for the council to influence policy on economic growth and attract funding.
Inability to influence government policy	By working closely with ME and WM Rail, the council will have a platform in working with central government in pursuit of policy intentions for transport, housing, broadband and mobile infrastructure that will lead to improved physical and digital connectivity; for support to businesses including expansion of high level manufacturing; and for skilling up of the workforce across all ages and a range of sectors.

## Consultees

18. External consultees include the Marches Local Enterprise Partnership, Shropshire Council and Telford and Wrekin Council. The LEP is determined to seek to observe a status in order to influence regional policy particularly relating to the economic prosperity in the Marches.

## Appendices

None

## Background papers

None identified.