



## DEBATE PACK

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# The Midlands Engine

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## Summary

This debate pack has been prepared ahead of the debate on the Midlands Engine to be held in Westminster Hall on Tuesday 24 January at 9.30am. The subject for debate has been chosen by Chris White MP.

In February 2015, the then Prime Minister David Cameron and the then Chancellor George Osborne launched 15 year economic plan to “make the Midlands the Engine for Growth in the UK.”

A [prospectus published in December 2015](#) agreed on an economic plan based around five themes:

- Promotion of the region to encourage domestic and foreign investment.
- Creation of a long term transport investment strategy through the Midlands Connect Partnership.
- Collaboration between businesses and universities to drive business innovation and improve business productivity and competitiveness.
- Creation of a single, region-wide “fund of funds” to provide financial support to SMEs in the region.
- Collaboration between the employer base and skills providers to ensure skills provision is tailored to employer demand.

In April 2016, the BIS Select Committee launched an inquiry into the Northern Powerhouse and Midlands Engine; this was rolled into the BEIS Select Committee’s [inquiry on industrial strategy](#), which is ongoing.

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

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# 1. Background

In February 2015, the then Prime Minister David Cameron and the then Chancellor George Osborne launched 15 year economic plan to “make the Midlands the Engine for Growth in the UK” in a speech at Bombardier Rail in Derby.<sup>1</sup>

This plan consisted of six aims:

1. To raise the long term growth rate of the Midlands to at least the forecast long term growth rate of the whole UK.
2. To create 300,000 extra jobs in the Midlands, with emphasis of the region’s existing strengths in advanced manufacturing and engineering.
3. To create a new skills matching service for local people and increasing skilled apprenticeships.
4. To deliver £5.2 billion of investment into new transport infrastructure in the Midlands.
5. To back science and innovation in the Midlands, developing an Energy Research Accelerator through local universities and supporting new technology in the automotive sector.
6. To improve the quality of life in the Midlands through regenerating estates, investing in county towns, supporting the construction of 30,000 new homes and making improvements to local education.

Treasury analysis of the potential benefits of the Midlands Engine programme indicated that:

- The Midlands grew at a slower pace than the UK between 1997 and 2013, with an average annual GVA growth rate of 3.7%, compared to the UK’s average annual growth rate of 4.2% over the same period.
- Raising the region’s long term growth rate to the forecast long term growth rate of the UK would add an extra £34 billion to the Midlands economy in real terms by 2030.

The government’s [productivity plan](#), published in July 2015 stated the government would work alongside LEPs and other local partners and publish a delivery plan later in the year.<sup>2</sup>

## 1.1 The Midlands Engine Prospectus

The [Midlands Engine for Growth Prospectus](#) was published In December 2015 in collaboration between the then Department for Business, Innovation and Skills, the Department for Communities and Local

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<sup>1</sup> HM Treasury and Prime Minister’s Office, [Long term economic plan for the Midlands announced by Prime Minister and Chancellor](#), 12 February 2015

<sup>2</sup> HM Treasury, [Fixing the foundations: Creating a more prosperous nation](#), Cm 9098, July 2015, pg. 73

Government and the 11 [Local Enterprise Partnerships](#) (LEPs) in the Midlands:

- Black Country
- Coventry and Warwickshire
- D2N2 (Derby & Derbyshire, Nottingham & Nottinghamshire)
- Greater Birmingham and Solihull
- Greater Lincolnshire
- Leicester and Leicestershire
- The Marches
- Northamptonshire
- South East Midlands
- Stoke-on-Trent and Staffordshire
- Worcestershire

A map of these LEPs is available on the [D2N2 LEP website](#).

The prospectus was based around five themes on which the stakeholders had agreed to collaborate in promoting the region:

- Promotion of the region to encourage domestic and foreign investment.
- Creation of a long term transport investment strategy through the [Midlands Connect Partnership](#). The government had previously announced £5 million of additional funding for Midlands Connect in the [2015 Summer Budget](#).<sup>3</sup>
- Collaboration between businesses and universities to drive business innovation and improve business productivity and competitiveness.
- Creation of a single, region-wide “fund of funds” to provide financial support to SMEs in the region.
- Collaboration between the employer base and skills providers to ensure skills provision is tailored to employer demand. The government had previously agreed to work with LEPs in publishing a regional skills strategy in the [2015 Summer Budget](#).<sup>4</sup>

## 1.2 Spending Review and Autumn Statement 2015

The [2015 Spending Review and Autumn Statement](#) indicated that in support of the Midlands Engine project, the government would:

- Provide £5 million for a Midlands Engine Trade and Investment Plan, to market the region abroad. In March 2016, UKTI published the [Midlands Engine Regeneration Opportunities Pitchbook](#), detailing 34 regeneration projects in the region that were open for investment.
- Create a new Enterprise Zone in the region and extend the existing Derby Enterprise Zone.
- Develop a long-term transport strategy through the Midlands Connect Strategic Board.
- Support efforts to secure launch funding to create a new university in Hereford focused on engineering.

<sup>3</sup> HM Treasury, [Summer Budget 2015](#), HC 264, July 2015, pg. 66

<sup>4</sup> HM Treasury, [Summer Budget 2015](#), HC 264, July 2015, pg. 67

- Support the development of a long-term transport strategy for the region through the creation of a new Midlands Connect Strategic Board.

This followed the [West Midlands Devolution Deal](#), agreed between the West Midlands Combined Authority and the government in November 2015. This deal agreed the area would:

- Have a directly-elected Mayor for the area of the old West Midlands county council who would chair the West Midlands Combined Authority. The first elections for this post will take place in May 2017.
- Gain devolution of powers over adult skills, employment and transport
- Receive £36.5 million a year funding allocation over 30 years to drive growth
- Gain the power to raise business rates by 2p in the pound.

### 1.3 Budget 2016 and the Midlands Engine Investment Fund

The [2016 Budget](#) announced the creation of the Midlands Engine Investment Fund, agreed in collaboration with LEPs in the region and the British Business Bank.

This fund, worth £250 million, would be open to smaller businesses in the region and would draw its funding from legacy funding from existing programmes, new funding from the British Business Bank, as well as European funding, including funding from the European Regional Development Fund (ERDF).

The [British Business Bank](#) state the first investments from the fund are anticipated to be made in early 2017.

Additionally, the 2016 Budget stated the government would:

- Create two new Enterprise Zones in the region.
- Provide £16 million in Research and Development funding (matched by industry) to support the aerospace industry in the East Midlands.
- Undertake a science and innovation audit, to identify the region's strengths in research and innovation. This was [published in November 2016](#).
- Create a sub-national transport body for the Midlands, supporting Midlands Connect in developing and implementing a long-term Midlands Transport Strategy.

These announcements followed on from the [mayoral devolution deal with Greater Lincolnshire](#), originally agreed between the government and the 10 local authorities in Greater Lincolnshire in March 2016. The deal subsequently collapsed in November 2016, after being rejected by

Lincolnshire County Council and North Kesteven District Council. The deal was subsequently withdrawn by the DCLG.<sup>5</sup>

## 1.4 Recent developments

In September 2016, Sajid Javid led a '[Midlands Engine Trade Mission](#)' of business executives from the region to the United States and Canada.

This was followed by a [trade mission to China in November 2016](#), where business and local government representatives from the region were accompanied by delegates from the Department for International Trade and the Department for Communities and Local Government.

In the [2016 Autumn Statement](#), the government committed to publishing a Midlands Engine Strategy and also confirmed talks were underway on a new devolution deal for the West Midlands.

## 1.5 Economic analysis of the Midlands

The table shows the performance of the West Midlands and East Midlands regions compared to the UK and England on a range of economic indicators. The majority of these data are from official sources – the Office for National Statistics (ONS) or government departments. The forecasts for economic growth are from Oxford Economics, an economic advisory service.

For more information see the Library briefing paper [Regional and National Economic Indicators](#).

### Economic statistics, summary comparison

Latest available figures

		UK	England	East Midlands	West Midlands
<b>Population</b>	2015, 000s	64,597	54,786	4,637	5,713
<b>Total GVA, 2015</b>	£ billions	1666	1433	98	120
<b>GVA per head, 2015</b>	£	25,601	26,159	20,929	20,826
<b>Economic Growth, 2010-15</b>	real terms % change	9.9%	11.4%	9.4%	10.3%
<b>Forecast economic growth (GVA, real terms)</b>					
<b>2016</b>	% change on previous year	1.7%	1.8%	2.1%	1.6%
<b>2016-26</b>	Average % change on year	2.1%	2.2%	2.0%	1.9%
<b>Unemployment rate</b>	Sep-Nov 2016, %	4.8%	4.8%	4.5%	5.6%
<b>Employment rate</b>	Sep-Nov 2016, %	74.5%	74.9%	75.8%	72.4%
<b>Weekly Earnings, 2016</b>	£, full time, weekly	538.7	544.7	501.7	507.8
<b>House Prices</b>	November 2016, average (£)	218,000	234,000	177,000	181,000
	% change on year	6.7%	7.2%	7.3%	7.4%
<b>Government spending per head</b>	2015/16, £	9,076	8,816	8,237	8,750
<b>Businesses</b>	2016, 000s	5,498	4,827	371	413
<b>Number of new businesses</b>	2010-15, 000s	1,846	1,646	116	138

<sup>5</sup> See [Council Leader intends to say 'no' to a Mayor for Greater Lincolnshire](#), Lincolnshire County Council, 11 November 2016 and [Devolution to local government in England](#), House of Commons Library, 23 November 2016, pgs. 8-9

## 2. Press Articles

The following is a selection of recent press and media articles relevant to the debate.

Please note the Library is not responsible for the views expressed in, nor the accuracy of external content.

[Brum Brum: As the North East rejects a devolution deal, the West Midlands embraces one](#)

The Economist, 15 October 2016

[West Midlands in talks over fiscal devolution: Region pushes for more control of spending on education, skills and housebuilding](#)

Andrew Bounds

Financial Times, 9 October 2016

[Theresa May promises 'economic and cultural revival' of Britain's great cities: Prime Minister says Birmingham can be even more successful - and other cities can follow our lead](#)

Jonathan Walker

Birmingham Mail, 5 October 2016

[Why the East Midlands and West Midlands must join forces: Head of the Government's "Midlands Engine" project explains why the East Midlands and West Midlands must join forces](#)

Jonathan Walker

Birmingham Mail, 4 October 2016

[Firing up 'Midlands Engine' would boost UK recovery and create jobs](#)

Szu Ping Chan

Daily Telegraph, 1 October 2016

[Minister: The Northern Powerhouse has clear aims... why doesn't the Midlands?](#)

Derby Telegraph, 21 September 2016

[Midlands birthplace of industrial revolution seeks more regional powers: Initiative from birthplace of industrial revolution aims to help reshape strategy after Brexit vote](#)

Andrew Bounds

Financial Times, 12 September 2016

[Midlands Engine could fuel post-Brexit economy](#)

Gemma Toulson

Nottingham Post, 4 July 2016

[Midlands is in a battle against the North for funding, says university boss: Birmingham and the Midlands must do a better job of selling themselves, says the Vice Chancellor of Birmingham University](#)

Jonathan Walker

Birmingham Mail, 4 May 2016

[Is the Government's economic plan for the Midlands a load of hot air? MPs are to hold an inquiry into whether the Government's flagship policy to create jobs in the West Midlands is any good](#)

Jonathan Walker

Birmingham Evening Post, 12 March 2016

[Ambitious plan to make the Midlands an engine of growth](#)

Gemma Toulson

Nottingham Post, 10 March 2016

[The only way is up, says leader of Britain's second city: John Clancy tells Dean Kirby about his plans to turn Birmingham's fortunes around after a series of setbacks](#)

Dean Kirby

The Independent, 17 January 2016

[Forget the Northern Powerhouse - is Government backing the 'Midlands Engine' at last? The Government has realised it needs to convince the Midlands it cares about more than the "Northern Powerhouse"](#)

Jonathan Walker

Birmingham Post, 10 December 2015

[West Midlands wins devolution deal worth £1.2bn over 30 years: Transfer of spending power will create 'Midlands Engine' and an economy worth £80bn a year](#)

Andrew Bounds

Financial Times, 17 November 2015

[Birmingham agrees elected mayor for 2017: City and its six counterparts in the West Midlands have signed an historic £1 billion devolution deal but it includes a controversial elected mayor](#)

Jonathan Walker

Birmingham Post, 17 November 2015

[Business Secretary Sajid Javid vows to champion 'Midlands Engine': Cabinet member and Bromsgrove MP says he plans to harness his power in Whitehall to push the region to greater growth](#)

Jonathan Walker

Birmingham Post, 6 July 2015

### 3. Press Releases

**[Business boost for Midlands Engine in first ever trade mission: Almost 60 delegates from across the Midlands took part in a government trade mission to China last week](#)**

Department for International Trade and Department for Communities and Local Government

10 November 2016

In the first ever Midlands Engine trade mission to China, the Department for International Trade (DIT) and the Department for Communities and Local Government (DCLG) have been helping to put the region on the world map, bringing 36 organisations to China.

Delegates from a wide range of sectors and representatives from local government met with their Chinese counterparts from 31 October to 4 November, to develop trade, investment, higher education and regional relationships.

The Midlands is the only part of the UK where trade with China more than doubled in 2015, compared to 2010. The recent trade mission to China provided delegates the platform to build on the Midlands thriving economy, currently worth an impressive £222 billion.

The delegation visited cities in eastern China such as Changzou and Anqing, and took part in the second ever UK-China Regional Leaders Summit to promote trade and investment. It also participated in the fourth China-British Business Council (CBBC) China Outbound Conference; the largest conference in China that focuses on promoting UK inward investment projects, to build stronger working relationships.

International Trade Minister Mark Garnier said:

Across the world the Department for International Trade is promoting the UK as a place to do business and trade with. This mission brought the Midlands Engine to one of the world's biggest markets.

Government has been helping organisations build their relationship with China and boost their global brand. Over 5 years, exports of goods from the Midlands to China have more than doubled to £4.5 billion.

A huge range of businesses - from regional brewers Hobsons Brewery to local law firm Geldards LLP - will now take advantage of our strengthened economic ties and increasing export and investment opportunities following this trade mission.

Managing director of Nottingham-based walking tours company Brackenbury's Britain, Richard Brackenbury said:

This trade mission was a fantastic experience demonstrating how critical it is we're perceived to be an open economy. But most importantly, DIT and CBBC had worked incredibly hard to make effective relevant introductions.

One contact has already been in touch in the 3 days since my return wanting to take matters further in bringing high end

Chinese tourists to the region. If that succeeds, that's hard foreign cash into the Midlands economy.

The delegation to China included representatives from Smith of Derby, Brackenbury's Britain and Lovatt Consultancy.

In an effort to boost jobs and add billions to the Midlands economy, visit programmes took place in Shanghai, Ningbo, Hefei, Anqing and Changzou in eastern China.

The links for trade and investment with China are growing not just in the Midlands but across the UK. Today, the Chancellor, Phillip Hammond and International Trade Secretary Liam Fox [announced](#) a portfolio of projects offering more than £5 billion investment opportunities in the Northern Powerhouse to Chinese investors.

This comes as part of the eighth UK-China Economic and Financial Dialogue, which involves discussions on strengthening our economic partnerships on trade, financial services, infrastructure and energy.

**[Sajid Javid leads first ever Midlands Engine trade mission: Mission to show North American businesses how investing in the region could put them in the fast lane for growth](#)**

Department for Communities and Local Government and The Rt Hon Sajid Javid MP

20 September 2016

Communities and Local Government Secretary Sajid Javid is in the US and Canada this week leading the first-ever Midlands Engine trade mission to show North American businesses how investing in the region could put them in the fast lane for growth.

Britain is open for business and the government is determined to strengthen Britain's relationships with countries around the world to help businesses in the Midlands, and across the country, to flourish.

Mr Javid has brought some of the region's top business executives and is showcasing the Midlands Engine to an international audience to make sure that the cities of the Midlands become the go-to destination for foreign investment.

Sajid Javid said:

For the first time ever we are bringing the Midlands Engine to the world stage.

These aren't just warm words – over the next 15 years, we plan to generate an additional £34 billion for the Midlands economy.

And with exports from the Midlands to both the US and Canada up significantly over the past 5 years, we have a strong record to build on.

The Midlands has a strong track record of doing business with North America – between 2010 and 2015 exports from the Midlands to the

US rose by 55% and, exports from the Midlands to Canada rose by more than 11%.

### **Midlands Engine speeding up**

The government has strong ambitions to make the Midlands an Engine for Growth in the UK, to add an extra £34 billion to the region's economy by 2030 and create 300,000 extra jobs.

Already under this government the Midlands has been growing faster than the UK average outside London – but we want to go even further.

Plans for the Midlands include:

- a £250 million Midlands Engine Investment Fund to provide investment through Access to Finance for small and medium-sized enterprises
- the development of a £60 million Energy Research Accelerator at the University of Nottingham, as well as £2.6 million investment in the Technology Entrepreneurship Centre
- £300 million investment in a High Value Manufacturing Catapult and £45 million for a new Energy Systems Catapult in Birmingham, to attract the most innovative businesses to the region
- £14 million for a new creative innovation centre at Digbeth, the Birmingham STEAMhouse
- multi-million pound investment to ensure the Midlands makes the most of the new High Speed 2 rail links, at Birmingham and at Toton in the East Midlands.

### **[Full steam ahead for Midlands Engine, as Business Secretary confirms Budget support to drive growth for the region: Midlands Engine Investment Fund of over £250 million to invest in smaller businesses in the Midlands](#)**

Department for Business, Innovation & Skills and The Rt Hon Sajid Javid MP

17 March 2016

- Midlands Engine Investment Fund of over £250 million to invest in smaller businesses in the Midlands
- government invests £14 million in STEAMhouse to convert former tea factory into creative innovation centre
- this Budget drives forward the government's vision for the Midlands Engine, including £16 million research and development (R&D) to support East Midlands aerospace firms and placing Midlands Connect on statutory footing by 2018

Business Secretary Sajid Javid will today visit Birmingham City University and a former Typhoo tea factory in Birmingham, which will be renovated into a creative innovation centre.

The government will invest £14 million in STEAMhouse in Digbeth to bring together arts and culture with science, technology, engineering and maths, and drive innovation within the former factory walls.

A Midlands Engine Investment Fund of over £250 million, run by the British Business Bank to invest in smaller businesses in the Midlands, has also been agreed with the government and Local Enterprise Partnerships.

Business Secretary Sajid Javid said:

Driving growth in the Midlands is a key part of the government's devolution revolution.

There are almost 96,000 more businesses now than in 2010, the equivalent to 52 opening every day. The new £250 million Midlands Engine Investment Fund will go further by backing even more growing businesses and creating thousands of new jobs throughout the region.

This week's Budget drives forward the government's vision for the Midlands Engine, and commits to supporting the development of Midlands Connect's long-term transport strategy and the region's traditional strengths in manufacturing and engineering.

Aerospace firms in the East Midlands will also benefit from £16 million in research and development (R&D) funding, matched by industry. This includes £7 million to help Rolls-Royce develop new high-temperature alloys in Derby.

The Midlands will also receive over £15 million funding to support R&D into lowering vehicle emissions.

**[Midlands Engine fired up to drive £34 billion worth of productivity and growth: Eleven Local Enterprise Partnerships come together to pool their ambitions in the Midlands Engine Prospectus – for the first time.](#)**

Department for Business, Innovation & Skills, Department for Communities and Local Government, The Rt Hon Sajid Javid MP

4 December 2015

This is:

- supported by £5 million trade and investment package to help promote the Midlands Engine overseas, reach new markets and boost exports
- all part of government's plans to back Local Enterprise Partnerships to promote jobs and growth

An ambitious plan to make the Midlands an engine of growth will be unveiled today (4 December 2015) at a special event at Birmingham University. The [Midlands Engine prospectus](#) - the first of its kind in the country - is the result of 11 Local Enterprise Partnerships (LEPs) coming together with their plan to boost productivity, attract inward investment, increase connectivity and build a regional tourism offer.

The new prospectus, supported by Business Secretary Sajid Javid, is focused on 5 key themes - skills, innovation, transport, promoting the 'Engine', and finance for business, and is part of the government's wider plans to support jobs and growth. If the Midlands region matches the predicted growth rate for the UK over the next 15 years, it could create 300,000 jobs and boost the national economy by £34 billion.

Mr Javid also confirmed that the region will receive £5 million of support for a new trade and investment package to reach new markets and boost exports. He will lead the first Midlands Engine trade mission next year to promote the region to investors and trade partners, delivering more growth, exports and jobs.

Business Secretary Sajid Javid said:

The Midlands is the heartland of our thriving manufacturing sector and home to 25 universities, playing a strong role in the recovery of the UK economy. Over the last year, private sector employment in the Midlands grew more than 3 times faster than London and the South East.

But there are more opportunities to capitalise on the Midlands' natural strengths and assets and make it an engine for growth. Through this prospectus, which sets out the region's own vision to unlock greater economic growth, it's time to fire up the Midlands Engine. I commend the leadership shown by the Midlands Local Enterprise Partnerships, local authorities and others to come together and pool resources to work towards the shared goal of greater growth for the whole region.

Specific ambitions for the Midlands Prospectus include:

#### **Trade and investment**

- undertaking the first Midlands Engine trade mission and hosting the first senior Midlands Engine inward investment visit
- presenting a selection of Midlands Engine regeneration projects seeking investment, at the MIPIM 2016 property convention
- building a regional business visitor and tourism offer

#### **Transport**

- developing the vision and strategy for transforming transport connectivity across the Midlands Engine region through Midlands Connect

#### **Research and innovation**

- evolving phase 2 of the Midlands Innovation led Energy Research Accelerator and a pipeline of further similar propositions, including a likely agri-food sector proposition

- building a stronger network of regional science parks as well as a higher education forum

### **Business support**

- developing a region-wide fund of funds utilising the EU Joint European Resource for Micro to Medium Enterprises (JEREMIE) programme, supporting small and medium enterprise growth ambitions of the region. The fund will deliver access to finance solutions on a bigger scale and ambition than before.

### **Skills**

- developing a more comprehensive demand-led approach for skills development in the manufacturing and engineering sectors, based on increased provider collaboration and alignment
- undertaking a review of best practice relating to employment and skills. This will be used to accelerate the take up of new and innovative ideas

Communities Minister Marcus Jones said:

As part of our long term economic plan, the Midlands economy has the potential to grow by £34 billion by 2030, and by the end of this parliament, there could be as many as 300,000 extra jobs.

Building on the strengths that we already have, with world-beating companies such as Jaguar Land Rover, Rolls Royce and JCB, the Midlands Engine will create the opportunities for businesses to grow and thrive.

Today's (4 December 2015) prospectus demonstrates how, by focussing on innovation, finance and skills and developing world-class infrastructure we can create an environment in which the Midlands will cement its place as an economic engine for the whole nation.

David Frost CBE, Chair of Stoke-on-Trent & Staffordshire LEP, said:

The Midlands Engine provides a unique opportunity to cement the natural links between business, the public sector and universities. Working together with the LEPs, the aim is to boost productivity and add value to the UK economy.

There is a real hunger to work across boundaries to build on the strengths that we have in pursuit of building an ever-stronger economy.

Councillor Anne Western, Leader of Derbyshire County Council, said:

There's a real will and commitment to restore the Midlands to its former glory as the heartland of British industry and by working together councils in the Midlands can help drive this ambition.

East Midlands' towns and cities are a vital cog in the Midlands engine and we all have an important role to play. By continuing to push for investment to spur economic growth in our own backyard we can combine our efforts to strengthen the case for attracting global companies to the region, bringing jobs and prosperity for our communities.

During the visit Mr Javid will also open part of the Energy Research Accelerator at Birmingham University, which will benefit from a £60 million government investment to deliver a step change in the impact of energy research in the UK.

This follows the Chancellor's [announcement last week of a major devolution deal for the West Midlands](#).

## 4. Parliamentary Materials

### 4.1 Written Questions

#### [Department for Communities and Local Government: Economic Growth: Midlands: 907513](#)

**Asked by Karl McCartney (Lincoln)**

**Asked on 22 November 2016**

**Q.** To ask the Secretary of State for Communities and Local Government, what steps he is taking to support the Midlands Engine.

**Answered by Andrew Percy**

**Answered on 28 November 2016**

**A.** As announced by my Rt. Hon. Friend the Chancellor at Autumn Statement, we will shortly publish a Midlands Engine Strategy.

This will include £392 million from our Local Growth Fund for the Midlands Engine Local Enterprise Partnerships.

#### [Department for Business, Energy and Industrial Strategy: British Business Bank: Written question - HL3160](#)

**Asked by Lord Shipley**

**Asked on 09 November 2016**

**Q.** To ask Her Majesty's Government what steps they are planning to take to ensure that the British Business Bank lends to all parts of the UK.

**Answered by Baroness Neville-Rolfe**

**Answered on 15 November 2016**

**A.** The role of the British Business Bank is to increase the supply of finance available to smaller businesses where markets are not working well, wherever in the UK that might be. The Bank's programmes are supporting almost £3.2 billion of finance to more than 51,000 smaller businesses and are participating in a further £4.6 billion of finance to small mid-cap businesses across the UK. The British Business Bank is further supporting the availability of finance by creating the Northern Powerhouse and Midlands Engine investment funds to provide debt and equity to small growing companies. These investment funds have been designed in close partnership with Local Enterprise Partnerships to ensure they respond to regional demand where market failures exist, to promote local growth and help create an economy that works for everyone.

**Department for Business, Energy and Industrial Strategy:  
Economic Growth: Redditch: Written question - 51303**

**Asked by Karen Lumley (Redditch)**

**Asked on 01 November 2016**

**Q.** To ask the Secretary of State for Business, Energy and Industrial Strategy, how (a) Midlands devolution and (b) the West Midlands growth engine plan will apply to Redditch constituency.

**Answered by Margot James**

**Answered on 07 November 2016**

**A.** We are committed to an economy that works for all and empowering local areas through the devolution of powers and resources. Devolution deals are a key part of our plan to support growth up and down the country. This Government will continue to support the Midlands Engine for growth, with the West Midlands as a key driver. Our ambition is to increase the value of the Midlands economy by £34 billion and create a further 300,000 jobs by 2030.

The West Midlands devolution deal includes the largest Investment Fund to be awarded to any area. It will provide more than £1 billion over thirty years to spend on local projects that will drive economic growth. In May 2017 there will be an election for the mayor of the West Midlands, creating a role that will help to drive devolution and growth. Redditch, as a non-constituent member of the West Midlands Combined Authority, has the opportunity to influence the future direction of these devolved powers.

This Government's Local Growth Fund has supported development in Redditch, including the new Engineering Centre of Excellence. We have also committed to an ambitious programme of strategic road improvements, including a package for the M42 and M40 that should provide positive benefits for Redditch, as well as the wider West Midlands.

## 4.2 Oral Questions

### **Midlands Engine for Growth**

[HC Deb 16 Jan 2017, c 678](#)

**Jeremy Lefroy (Stafford) (Con):** What steps he is taking to support the midlands engine for growth.

### **The Secretary of State for Communities and Local Government**

**(Sajid Javid):** As announced by my right hon. Friend the Chancellor at the autumn statement, we will shortly publish a midlands engine strategy. This will include £392 million for our local growth fund for the midlands engine local enterprise partnerships.

**Jeremy Lefroy:** I thank my right hon. Friend, and I was delighted to see that he led the first ever midlands engine trade mission last year. Will he update the House on progress on that?

**Sajid Javid:** My hon. Friend has also done a lot to champion business and economic growth in the midlands. That first mission—the trade mission to north America—went well. It went so well that we went ahead with a second mission—to China—for the midlands region. My hon. Friend will be pleased to know that we are working with the Department for International Trade and other Departments across Government, and we will shortly publish a midlands engine strategy, reaffirming our commitment to the area.

### **Business of the House**

[HC Deb 1 Dec 2016 c 1678](#)

**Chris White (Warwick and Leamington) (Con):** The midlands engine plays a significant role in our economy. In the autumn statement it was announced that the Government will publish a midlands engine strategy shortly. May we have a debate on that strategy, so that the region can reach its full global potential?

**The Leader of the House of Commons (Mr David Lidington):** In our commitment to the midlands engine, the Government are demonstrating in their policies that we are intent on building an economy that works for all. When the Business Secretary went to the US and Canada earlier this year, he saw at first hand the opportunities that there are for investment and economic growth on the part of midlands companies. The autumn statement confirmed the arrangements for the midlands engine investment fund. The British Business Bank will make its first investments from the northern powerhouse investment fund in early 2017, and the first investments from the midlands engine investment fund will follow very shortly thereafter.

### **Midlands Engine**

[HC Deb 24 Oct c 13-14](#)

**James Morris (Halesowen and Rowley Regis) (Con):** 9. What steps he is taking to improve trade and investment through the midlands engine. [906735]

The Secretary of State for Communities and Local Government (Sajid Javid): I led the inaugural midlands engine trade mission to north America in September. I am leading a second mission to China this month. Establishing a mayoral combined authority within the west midlands will help to bring about even more trade and investment opportunities for the midlands engine.

**James Morris:** The black country economy and the west midlands have had a substantial revival over the past few years. In the last year alone, there has been a 46% increase in foreign direct investment in the black country. Does the Secretary of State agree that we need to do all we can to take advantage of the devolution settlement in the west

midlands, in the context of the midlands engine, to drive the growth of trade and investment into the west midlands from around the world?

**Sajid Javid:** The black country and the wider west midlands have seen strong performance of inward investment and exports. Our historic west midlands devolution deal includes an investment fund of £1 billion to drive growth, and what we also need to drive growth is strong local leadership. There is no doubt in my mind that Andy Street will bring that to the west midlands.

**Michael Fabricant (Lichfield) (Con):** Hear, hear.

**Mr Speaker:** We note the sedentary approval for that proposition from the hon. Member for Lichfield (Michael Fabricant).

**Tristram Hunt (Stoke-on-Trent Central) (Lab):** There are many great businesses in Stoke-on-Trent, such as engineering firm Brown McFarlane, that want to grow through trade and investment. Thus far, however, we have had very little engagement from John Peace and the midlands engine. We are not part of the combined authority of the west midlands and the black country. Will the Minister tell the House when John Peace will be visiting Stoke-on-Trent, and what plans the midlands engine has for north Staffordshire?

**Sajid Javid:** I agree with the hon. Gentleman that there are many excellent businesses in his part of the world, and I think that Sir John Peace is a fantastic choice to chair the midlands engine. The hon. Gentleman rightly makes the point that the midlands engine is not the same as the west midlands devolution deal. I am sure that Sir John Peace will take a great interest in the hon. Gentleman's constituency, and I will make sure that he hears the hon. Gentleman's case.

**Matt Warman (Boston and Skegness) (Con):** Another key part of the midlands engine will be the Lincolnshire devolution deal. Will the Secretary of State join me in encouraging the eight out of 10 councils that have voted for it already to work with the Government to make sure that we get the best devolution deal for Lincolnshire and that Lincolnshire does not turn its back on half a billion pounds of Government money?

**Sajid Javid:** My hon. Friend highlights the importance of these devolution deals, including that for greater Lincolnshire, in bringing about more growth and better productivity in all regions of the UK. As my hon. Friend said, eight councils out of 10 have accepted the deal—I hope the others will as well—which will make a great difference to jobs and growth.

## Midlands Engine

[HC Deb 28 June 2016 c 132-33](#)

**Chris White (Warwick and Leamington) (Con):** 3. What recent steps he has taken to create the midlands engine. [905535]

**The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid):** I continue to promote the midlands engine, which could add an extra £34 billion to the local economy by 2030 and create 300,000 new jobs. I am pleased that Sir John Peace has been appointed chair of Midlands Connect to drive productivity and growth across the whole of the midlands region.

**Chris White:** Whether through energy providers, video games companies or manufacturers, Warwick and Leamington's local economy is a great contributor to the region's prosperity. What measures are being implemented to build on such successes and to transform the wider midlands engine from concept to reality?

**Sajid Javid:** I recall fondly visiting video games companies with my hon. Friend, who does a great deal to help local businesses, including by hosting a business forum last Friday. The midlands engine is already delivering. For example, we have a £5 million trade and investment package, £60 million for research, and a £5 million award for Midlands Connect. I am determined to do more.

**Liz Kendall (Leicester West) (Lab):** The result of last week's referendum shows that there is deep discontent in many of our market towns and coastal areas, where people feel left out and left behind because they have not seen the benefits of economic growth. What steps will the Secretary of State take to ensure that the devolution agenda increases jobs, skills and infrastructure investment in some of these peripheral economies, not just in our great metropolitan cities?

**Sajid Javid:** The hon. Lady will know that, since 2010, we have seen considerable growth in every single region of the UK, including in the midlands. With our focus on the midlands engine, we want to see even more. She is right to highlight the importance of devolution. In my Department, for example, the devolution of skills will make a big difference.

**Ian Austin (Dudley North) (Lab):** One of the best ways of bringing in new industries and new jobs to replace the ones that we have lost in the west midlands over the past few decades would be to back Dudley's exciting plans for an institute of technology, building on the brilliant work that is going on at Dudley Advance. Earlier this year, we were delighted to welcome a visit by the Minister for Skills, and I think that he was very impressed with what was going on. Will the Secretary of State meet a delegation from Dudley to hear about these plans and to discuss them with us in detail?

**Sajid Javid:** I am a big fan of Dudley, and I would love to visit it again.

**Robert Jenrick (Newark) (Con):** 7. Before the events of last week, I was delighted to hear that my constituent, Sir John Peace, was appointed head of the midlands engine project. Sir John is the founder of Experian, one of the midlands' key financial service companies, and the chairman of Burberry. Will my right hon. Friend reassure me that it is exactly people like Sir John who will be in his thoughts and working with the Department over the summer to ensure that the midlands

economy is prepared for Brexit over the next few weeks and months? [905539]

**Sajid Javid:** My hon. Friend is absolutely right and makes a very powerful point. The midlands is doing well, but it can do better. Trade and investment will be key. I plan to lead the first midlands-only trade mission abroad—to north America in this case—in September, and I would be honoured if companies from his constituency joined me.

## 5. Further Reading

### 5.1 Library Briefing Papers

[Regional and National Economic Indicators](#), January 2017

[Devolution to local government in England](#), November 2016

[The Northern Powerhouse](#), November 2016

[Local Growth Deals](#), November 2016

[City Deals](#), November 2016

[Combined authorities](#), November 2016

### 5.2 Other reading

[Midlands engine trouble: The challenges facing the West Midlands Combined Authority](#)

Resolution Foundation, December 2016

[Reving up the Midlands engine](#)

Resolution Foundation, December 2016

[A positive picture: Optimism and collaboration characterise business in the East Midlands](#)

Barclays, December 2016

[City Growth Tracker: the Midlands Engine](#)

Irwin Mitchell and Centre for Economics and Business Research, October 2016

[Picking up the Pace - Activating the Midlands Connect Strategy](#)

Midlands Connect, July 2016

[EY Midlands Engine Devolution Survey The Midlands Engine: your views on how this should work](#)

EY, June 2016

[Midlands Engine Briefing Note](#)

East Midlands Councils, April 2016

[The Midlands Engine and the Knowledge Economy](#)

GVA, April 2016

[Cities Outlook 2016](#)

Centre for Cities, January 2016

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