



## Economic Growth Board

**Date:** Friday 13 May 2022

**Time:** 4.00 pm **Public meeting** Yes

**Venue:** To be held remotely via MS Teams

### Membership

Councillor Ian Brookfield (Chair)

Tom Westley (Vice-Chair)

Councillor Adrian Andrew

Councillor Kerrie Carmichael

Councillor Ian Courts

Councillor George Duggins

Councillor Ian Kettle

Councillor Ian Ward

Andy Street

Councillor Matthew Dormer

Councillor Bob Sleight OBE

Lee Barron

Stuart Croft

Anita Bhalla

Sarah Windrum

Corin Crane

Matthew Hammond

Mike Wright

Portfolio Lead for Economy & Innovation

Black Country Local Enterprise Partnership

Walsall Metropolitan Borough Council

Sandwell Metropolitan Borough Council

Solihull Metropolitan Borough Council

Coventry City Council

Dudley Metropolitan Borough Council

Birmingham City Council

Mayor of the West Midlands

Non-Constituent Authorities

Portfolio Lead for Finance & Investments

Midlands Trades Union Congress

Higher Education Sector

Greater Birmingham & Solihull Local Enterprise

Partnership

Coventry & Warwickshire Local Enterprise

Partnership

Black Country Chamber of Commerce

West Midlands Growth Company

West Midlands Innovation Board

Quorum for this meeting shall be at least one member from five separate constituent councils

If you have any queries about this meeting, please contact:

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# AGENDA

No.	Item	Presenting	Pages
<b>Items of Public Business</b>			
1.	Apologies for absence	Chair	None
2.	Declarations of Interest Members are reminded of the need to declare any disclosable prejudicial interests that have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
3.	Chair's Remarks (if any)	Chair	None
4.	Minutes - 2 February 2022	Chair	1 - 6
5.	Trailblazing Devolution Deal - Economic Positions	Dr Julie Nugent/Jonathan Skinner	7 - 14
6.	Latest on Economic Functions Task Group a) LEP Integration  b) WMGC Commissioning Paper	Dr Julie Nugent/ Matthew Hammond	15 - 52
7.	UK Shared Prosperity Fund Update	Dr Julie Nugent/Fiona Aldridge	53 - 64
8.	Update on the West Midlands Plan for Growth	Julie Nugent/Jonathan Skinner	65 - 70
9.	Economic Growth Board Work Programme	Chair	71 - 76
<b>Date of Next Meeting</b>			
10.	30 June 2022, 1.30-3.30pm		None



**West Midlands  
Combined Authority**

## **Economic Growth Board**

**Wednesday 2 February 2022 at 12.00 pm**

### **Minutes**

#### **Present**

Councillor Ian Brookfield (Chair)  
Councillor Adrian Andrew  
Councillor Kerrie Carmichael  
Councillor Karen Grinsell  
Councillor Ian Kettle  
Andy Street  
Councillor Ian Ward  
Councillor Matthew Dormer  
Councillor Bob Sleigh OBE  
Lee Barron  
Stuart Croft  
Tom Westley

Sarah Windrum

Corin Crane  
Matthew Hammond  
Mike Wright

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Midlands Trades Union Congress  
Higher Education Sector  
Black Country Local Enterprise  
Partnership  
Coventry & Warwickshire Local  
Enterprise Partnership  
Black Country Chamber of Commerce  
West Midlands Growth Company  
West Midlands Innovation Board

#### **Item Title No.**

#### **1. Welcome**

The Chair welcomed everyone to the inaugural meeting of the Economic Growth Board and reported it would build on the strengths of the former Strategic Economic Development Board and would be the WMCA's lead in driving the economic recovery in the West Midlands which was critical for its communities.

He added that the board would also seek to capitalise on new opportunities through the West Midlands Plan for Growth and referred to the Levelling Up White Paper that would provide a new and joined-up approach to deliver the ambitions of the region.

The Chair invited the Mayor and other members of the board to share their initial reflections on early briefings on the Levelling Up Paper White ahead of the full document being presented to Parliament later that day. Further details would be shared with the board subsequently.

**2. Apologies for absence**

Apologies for absence were received from Councillor Duggins and Councillor Courts. Councillor Courts had nominated Councillor Grinsell to attend as his substitute.

**3. Nomination of Vice-Chair**

In accordance with the terms of reference for this board, the three Local Enterprise Partnership (LEP) Chairs put forward their nomination for Tom Westley (Black Country LEP Chair) to be appointed to the position of Vice-Chair.

The appointment was endorsed by the board.

Resolved: That Tom Westley be appointed to the position of Vice-Chair.

**4. Economic Growth Board -Governance Arrangements**

The board considered a report of the Director of Productivity and Skills that sought adoption of its terms of reference (agreed by the WMCA Board on 19 November 2021) and confirmation of its membership.

The Chair reported that the membership of the board would be kept review and might need to be expanded to take account of expanding roles identified by the Levelling Up White Paper and potential devolution processes.

Resolved:

1. That the terms of reference, voting rights and membership as attached to the report be adopted;
2. That it be noted the board has the power to vary (or add) to its membership as needed:
3. That the Innovation Board, Create Central, Cultural Leadership Board and Energy Capital Board are to report to the Economic Growth Board be agreed and
4. That the Economic Growth Board has a role in working with West Midlands Growth Company (WMGC) Board be agreed.

**5. Work Programme**

The board considered a report of the Director of Productivity and Skills that sought approval for the work programme of the board and arrangements for the Officer Group to manage, refine and deliver the work programme.

The Head of Economy and Local Industrial Strategy, Jonathan Skinner reported that the indicative work programme attached to the report would be further refined following publication of the Levelling-Up White Paper and confirmation about budgets and decision-making processes. It was noted

that the refinement work would be supported by a senior officer group representing partner local authorities who would be responsible for managing, developing and delivering the work programme for the board and ensuring strong cross regional working.

Further to an enquiry from Councillor Grinsell regarding the lack of reference to the Birmingham Commonwealth Games and jobs associated with the games in the work programme, the Director of Productivity and Skills, Julie Nugent, reported that Commonwealth Games was included in the Jobs Plan but could expand the work programme accordingly.

Resolved:

1. That the suggested work programme attached to the report as appendix 1 be agreed and
2. That the work programme be refined after the release of the Levelling-Up White Paper to take account of any decision-making roles for the Economic Growth Board and this be informed by a new senior officer group strengthening the input of local authorities be noted.

## **6. Economic Conditions and Forecasts**

The board considered a report of the Director of Productivity and Skills that provided an overview of the economic conditions and economic forecasts for the West Midlands including the latest quantitative economic intelligence and feedback and insight from businesses and business groups to inform decision-making.

Rebecca Riley, Head of Research and Office for Data Analytics, outlined the report and the headlines from the economic forecasting model of the region to 2040. The report also shared the West Midlands' Economic Dashboard and recent Monitor summaries of the current economic conditions.

Matthew Hammond (WMGC) sought a joined-up approach across the various boards that are focusing on economic issues and felt this board should consider the economic challenges/opportunities identified in the EY report.

Councillor Ward enquired as to how intelligence from the new Regional Business Council would be shared more widely with others, in particular with this board, noting there was a need to avoid a duplication of efforts.

The Chair reported that he was happy for everything to be shared with this board.

The Mayor reported that the Regional Business Council undertook an advisory role and this board needs to be de-briefed accordingly noting that the WMGC would take the lead for large businesses and LEPs for smaller businesses.

Matthew Hammond asked to formalise the communication channels across the different boards/bodies and WMGC needs to provide updates to this group.

Resolved:

1. That the current economic conditions, including insight from the region's businesses and long-term economic forecasts be noted and
2. That regular insight from Economic Impact Group and Regional Business Council be reported to the Economic Growth Board to inform its decision-making be noted.

## **7. West Midlands Plan for Growth**

The board considered a report of the Director of Productivity and Skills that sought endorsement for the West Midlands Plan for Growth that sets out how the region could catalyse additional growth above forecasts to boost the economy in output and jobs.

The Chair introduced the report and advised that it was important for the West Midlands to deliver as many opportunities for the region as possible and as quickly as possible to create an inclusive economy with good living standards.

The board received a short presentation from Peter Arnold and Sarah Phillips (EY) that outlined the key findings and recommendations from the West Midlands Plan for Growth. This included a twin-track, cluster based approach, capitalising on existing clusters of scale and strength and a focus on supporting nascent clusters and emerging technologies for activating job creation and accelerating growth by 2030.

The Mayor commented that this was a critical piece of work and consideration needs to be given to the interventions that are needed to make this work and how partners collectively deliver them.

Corin Crane (Black Country Chamber of Commerce) reported on the need to ensure opportunities are provided for local people to create wealth and procurement contracts are awarded locally where possible.

Mike Wright (West Midlands Innovation Board) noted that innovation going forward needs to leverage all sectors in order to bring employment to the region.

In relation to a comment from the Tom Westley (Vice-Chair) regarding the omission of metal and materials industry from the report, the Director of Productivity and Skills, Julie Nugent explained that the clusters prioritisation is based on the capacity for additional growth above forecasted levels and offered to share the full presentation which provides more detail on the

matter.

Lee Barron (TUC) reported that the TUC has commissioned a report into a better recovery for the West Midlands that sets out the measures that are needed to rebuild the economy that he could share with the board *[the report was circulated to EGB following the meeting]*.

It was noted that following endorsement by this board, the report would be discussed with the Overview and Scrutiny Committee and the Young Combined Authority before recommendation to the WMCA Board.

Resolved:

1. That the approach in the West Midlands Plan for Growth to catalyse additional growth in those clusters where the West Midlands has comparative advantage, there is market confidence and a credible path for above forecast growth in good jobs be endorsed;

2. That the report only covers part of the region's economy, and there will be further work to do support wider foundational sectors like retail, administration and hospitality to enable a more prosperous and inclusive economy be noted;

3. That partners focus on delivering the six-cross cutting interventions identified in order to remove barriers and maximise new opportunities for economic growth be agreed;

4. That officers be tasked with bringing forward recommendations to this board that will prioritise interventions to deliver early wins from the opportunities set out in Plan for Growth be agreed and

5. That a task and finish group chaired by Councillor Brookfield to develop recommendations for aligning and streamlining economic development activity across organisations to support effective interventions, deliver better value for money and provide a clear regional response to the Levelling Up White Paper be agreed.

## **8. West Midlands Jobs Plan**

The board considered a report of the Director of Productivity and Skills that set out progress against the West Midlands Jobs Plan and the work being undertaken to support the creation of jobs through leveraging public/private sector investment, connecting residents with good jobs and employers and supporting residents with in-work progression.

The Director of Productivity and Skills, Julie Nugent introduced the report and

outlined the challenges facing the West Midlands and how the Jobs Plan seeks to meet its ambition of getting 100,000 people into good quality employment within two years.

Lee Barron (TUC) reported of the need to map out 'what good jobs look like' and to include minimum standards that could be used as a marker to build on.

The Chair concurred with Lee Barron and reported of the need to take this forward across the whole of the West Midlands.

Councillor Grinsell enquired whether the WMCA was looking at the barriers of getting into work noting issues such as childcare and poor literacy levels impacting on people's ability to find employment.

The Chair agreed that basic jobs skills was an issue and DWP could assist in this regard through their skills programme and reported of the need to open/ breakdown barriers to employment opportunities.

Resolved:

1. That progress against the West Midlands Jobs Plan and the target of 100,000 people into employment by 2023 be noted and
2. That the potential for further localised training and employment interventions, enabling residents to access good jobs in growth areas be noted;
3. That further investment in skills provision that could equip residents to access available jobs as identified be noted.

**9. Date of next meeting - 24 March at 10.00 AM - to be confirmed**

The meeting ended at 1.18 pm.

## Economic Growth Board

<b>Date</b>	Friday 13 <sup>th</sup> May 2022
<b>Report title</b>	Trailblazing devolution deal – Economic positions
<b>Portfolio Lead</b>	Councillor Ian Brookfield Portfolio Holder for Economy and Innovation
<b>Accountable Chief Executive</b>	Laura Shoaf, Chief Executive, WMCA Email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Julie Nugent, Director of Productivity and Skills, WMCA Jonathan Skinner, Head of Economy and Local Industrial Strategy, WMCA Email: <a href="mailto:julie.nugent@wmca.org.uk">julie.nugent@wmca.org.uk</a> <a href="mailto:jonathan.skinner@wmca.org.uk">jonathan.skinner@wmca.org.uk</a>
<b>Report has been considered by</b>	Directors of Economic Development Group Economic Impact Group Regional Business Council

**The Economic Growth Board is recommended to:**

- a) **Comment on and endorse the emerging positions in this paper about the devolution of economic powers and resources.**
- b) **Note that these positions will be further considered by the Devolution Strategy Group and Mayor and Portfolio-Holders Group ahead of formal decisions by the WMCA Board on 10 June.**
- c) **Request that future updates on the progress and implementation of the trailblazer devolution deal be considered by the Economic Growth Board.**

### 1. Purpose

1.1 The West Midlands has an opportunity to strike a trailblazing devolution deal with Government on behalf of the communities and businesses across the region. This report seeks the Economic Growth Board's comments and endorsement to the economic aspects of the devolution agreement, particularly relating to:

- Business support
- Trade and Foreign Direct Investment

- Research & Development and innovation
- West Midlands Smart City Region

1.2 Feedback from the Economic Growth Board will help refine positions which will then be agreed – ultimately by the WMCA Board in the summer – as the basis for discussions with Government to drive levelling-up between the West Midlands with other regions, and within communities across the region.

## 2. Background

2.1 Government’s Levelling-Up White Paper included commitments to trailblazing devolution deals in the West Midlands and Greater Manchester where ministers have indicated nothing should be off the table. Convened by the WMCA, partners across the West Midlands have established a framework for developing bold policy positions that meet the White Paper’s twelve missions and level up between and within regions.

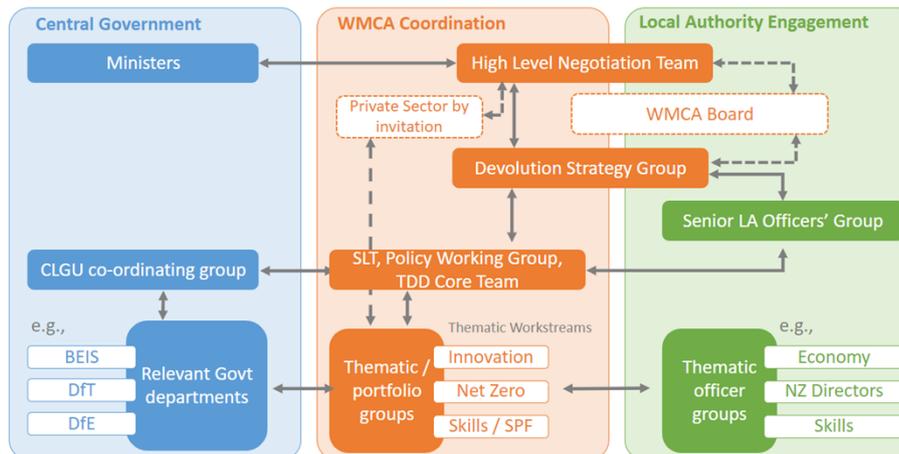
### Process

2.2 Led by the WMCA, partners have agreed a framework of 20 workstreams (shown below). These include seven aspects of economic activity where the Economic Growth Board provides the point of collective leadership. This is particularly important because the issues are interconnected and the key to transformative and inclusive growth is how activities are coordinated with a common focus, sufficient scale and sequencing and strong delivery.

R&D and innovation	Homelessness prevention
West Midlands Smart City Region	Health
Trade and investment	Crime, community safety and resilience
Business support system	Social capital and social economy
Skills	Net Zero
Education	Transport
UKSPF (inc. Multiply)	Digital
Housing, regeneration and planning	Culture
Funding and fiscal	Data and transparency

2.3 Fulfilling these opportunities requires strong leadership and partners have previously taken steps to streamline strategic leadership by establishing the Economic Growth Board with decision-making powers. This is further supported by the Directors of Economic Development Group, chaired by the Chief Executive of the City of Wolverhampton Council, which helps local authorities and LEPs direct activity. There have also been discussions with other stakeholders, including universities, Chambers of Commerce, the Economic Impact Group and Regional Business Council.

2.4 The region has also put in place a collaborative governance process which uses established Boards like the EGB and builds to a shared position, to be agreed by the WMCA Board in June and used by the High Level Negotiation Team for discussions with ministers.



2.5 Underpinning this, the WMCA team has been seeking input via:

- Discussions with Chambers of Commerce and presentations to the Economic Impact Group, Regional Business Council and the Directors of Economic Development.
- Discussions with colleagues in Greater Manchester Combined Authority.
- Internal discussions via the WMCA Policy Working Group to make connections to other thematic areas.
- Where appropriate, bi-lateral work with officials in the Department for Levelling-Up, Housing and Communities (DLUHC) and other government departments.

### Rationale for economic positions

2.6 On many aspects of the economy, the question is less about powers (given the WMCA already has a general power of competence) and more about its levers of influence and resources. The most powerful argument for devolved resources and influence comes from being about to align complementary activity, tailored to local circumstances and accountable to local communities. Initial discussions with officials have supported this alignment between the workstreams and stressed the importance of a consistent and credible 'theory of change' to be clear about the nature of economic change we're trying to drive.

2.7 The economy workstreams focus on the following Levelling-Up Missions and WMCA Corporate Strategy aims:

#### **Missions**

- **Mission 1:** By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing.
- **Mission 2:** By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth
- **Mission 5:** By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England,

this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third.

- **Mission 6:** By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas

#### **WMCA Corporate Strategy aims**

- To promote inclusive economic growth in every corner of the region and stimulate the creation of good jobs
- To ensure everyone has the opportunity to benefit as the region recovers from COVID-19, improves resilience and tackles long-standing challenges

2.8 There are, therefore, five broad aims that run across the entirety of the region's trailblazer devolution asks on economic workstreams. Each of these has an evidence behind them about the causes and latest conditions in the West Midlands<sup>1</sup>:

- a) Catalyse additional growth in high-value clusters where the region has comparative advantage and private sector confidence to create good jobs. This is based on the opportunities in the West Midlands' Plan for Growth.
- b) Attract more frontier firms (i.e. most productive) using FDI, particularly where they are able to add further strategic value to the region because of catalytic effects through supply chains, or their spatial impact.
- c) Help indigenous frontier firms to expand.
- d) Help firms with mid-level productivity to move to improve through innovation, investment, internationalisation and excellent management and leadership.
- e) Prompt firms with low productivity to assess their business models and strengthen incentives to change.

2.9 We have, therefore, chosen to frame the proposals according to the beneficiaries - the businesses, communities or institutions involved - rather than divided across thematic workstreams or governance departments. This helps emphasise that success is both (i) intuitive support for businesses in a way that meets their needs and (ii) there is benefit for places and communities.

#### Specific proposed positions

2.10 The proposed devolution positions are outlined below for the Economic Growth Board's comments and endorsement. They are grouped according to After refinement, these positions will be considered by Mayor and Portfolio-Holders in May before formal agreement at the WMCA Board:

<sup>1</sup> For example, the [West Midlands Productivity Challenge](#) (N Driffield), West Midlands Plan for Growth (WMCA), or [Public R&D investment in West Midlands](#) (S Collinson).

**Beneficiaries: Businesses, entrepreneurs and their employees based in the West Midlands**

Proposed position	What does this mean for places?
<p><b>Government and WMCA agree a model that consolidates and co-commissions business support to address the region's economic priorities.</b></p> <p>These will flex over time and in different parts of the region according to economic conditions (e.g. improve productivity and diffuse innovation, retain and create jobs, boost exports and trade, decarbonisation, etc.).</p> <p>The model will resource and align local targeting and delivery of:</p> <ul style="list-style-type: none"> <li>• Locally-generated funds and devolved resources like UKSPF and Growth Hubs<sup>2</sup>, etc.</li> <li>• Central Government business support resources – British Business Bank funds including MEIF2, Help to Grow, DCMS Creative Growth Programme, etc.</li> <li>• An integrated key account management service for the region's top 500 strategic firms to support local, regional and national activity, building on the DIT Midlands Engine Hub into cohesive regional structures.</li> <li>• Central Government insight and information to inform delivery – e.g. HMRC insight on R&amp;D tax credits and super-deduction, resources linked to Be the Business, etc.</li> </ul>	<p><b>Powers</b></p> <ul style="list-style-type: none"> <li>• Ability to target business and economic priorities in a much more responsive way that reflects economic conditions.</li> <li>• Ability to use long-term, strategic funding across multiple sources to build the longevity and resilience of business support services.</li> <li>• Ability to tailor delivery models that meet the needs of places, businesses and organisations.</li> <li>• Helps the West Midlands engage proactively with Government about its Enterprise Strategy, seeking to bring more coherence across Government.</li> </ul> <p><b>Outcomes</b></p> <ul style="list-style-type: none"> <li>• Increase jobs and employment levels</li> <li>• Increase in productivity, reducing jobs paid below living wage (and linked to other elements of health and good work)</li> <li>• Industrial decarbonisation in carbon-intensive industries</li> <li>• GVA output and jobs growth in prioritised clusters</li> <li>• Narrow region's trade deficit</li> </ul> <p><b>Measures of success</b></p> <ul style="list-style-type: none"> <li>• Quality of firm-level leadership &amp; management for assisted firms</li> <li>• % firms confident about where to go for advice and support</li> <li>• Level of business investment (£), + take-up of R&amp;D tax credits</li> <li>• Growth/productivity performance of firms receiving targeted support</li> </ul>

**Beneficiaries: Communities and supply chains in the West Midlands who will benefit from Foreign Direct Investment into the region**

Proposed position	What does this mean for places?
<ul style="list-style-type: none"> <li>• <b>Create a new regionally administered investment incentive fund drawn from the Global Britain Investment Fund.</b></li> </ul>	<p><b>Powers:</b></p> <ul style="list-style-type: none"> <li>• Ability for Economic Growth Board to determine strategic priorities, based on needs of places and embedded in commissioning of the WMGC for day-to-day administration in conjunction with</li> </ul>

<sup>2</sup> This captures the direction of the West Midlands Business Support Review, which is covered in more detail in item 7 given its links to the UK Shared Prosperity Fund

<ul style="list-style-type: none"> <li>• <b>Deepen and formalise the relationship between the Office for Investment and West Midlands on capital investment outcomes.</b></li> <li>• <b>Secure additional investment for the second phase of the West Midlands Business and Tourism Programme.</b></li> </ul> <p>These powers and resources will be used to deepen specialist capacity within the region to secure and develop inward investors linked to the region's strategic economic priorities.</p>	<p>local authorities, universities and business representative organisations.</p> <p><b>Outcomes:</b></p> <ul style="list-style-type: none"> <li>• FDI activity (£ and #projects/jobs). As well as ensuring the region is more competitive relative to devolved administrations and international competitors, it means the region can add its own policy objectives (such as specific cluster links, spatial considerations or supply chain roles).</li> </ul> <p><b>Measures of success:</b></p> <ul style="list-style-type: none"> <li>• The simplicity and efficiency of a seamless journey for international OEM investors.</li> </ul>
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**Beneficiaries: R&D and innovation-intensive businesses, universities, and institutes across the West Midlands**

<b>Proposed position</b>	<b>What does this mean for places?</b>
<p><b>Use the capability and capacity from the West Midlands Innovation Accelerator to double the amount of public R&amp;D investment in the West Midlands by 2030.</b></p> <p>This will built upon a more formal relationship with Government and its agencies that levels-up public R&amp;D spending on basic, applied and translational research (not diffusion) with:</p> <ul style="list-style-type: none"> <li>• the West Midlands maintaining a prioritised pipeline of R&amp;D projects which are considered by UKRI, its Research Councils and other public innovation agencies when they develop their business plans.</li> <li>• UKRI and its agencies like Catapults (including those based outside the region) capturing their place-based impact on the region's business base and communities.</li> </ul>	<p><b>Powers:</b></p> <ul style="list-style-type: none"> <li>• Ability for Economic Growth Board to make the links between R&amp;D and innovation with complementary activities like business support, skills, trade and land supply.</li> <li>• Ability for Economic Growth Board and places to determine strategic R&amp;D and innovation priorities, based on needs of places and local industry/supply chains.</li> </ul> <p><b>Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Public R&amp;D investment in the West Midlands (£) and its leverage of private sector investment.</li> <li>• Additional growth of industrial clusters related to R&amp;D activity.</li> <li>• Ability to affect societal challenges in the West Midlands – whether about health, environment, wellbeing, etc.</li> </ul> <p><b>Measures of success:</b></p> <ul style="list-style-type: none"> <li>• The depth and quality of the region's R&amp;D and innovation pipeline.</li> <li>• Influence over the business plans of Research Councils, Catapults and other Government bodies like NIHR.</li> </ul>

2.11 The **West Midlands Innovation Accelerator** was announced in the Levelling-Up White Paper. One of three Accelerators nationwide, this will see around £30m invested in the next three years on applied and translational research to spark commercial growth and bolster the region's capability and capacity that we expect to result in a doubling of public R&D spending in the West Midlands by 2030. The West Midlands Innovation Board is providing regional leadership, working in conjunction with Innovate UK, with the prospect of using new relationships to influence spending by UKRI's research councils and other Government bodies like the National Institute for Health Research. With Accelerators intended to help move from good to great on applied and translational innovation, the

Innovation Board has considered analysis about potential areas of focus. It has homed in on medical technologies, and particularly the opportunity for the West Midlands to become the centre of the UK's diagnostics industry. Furthermore, the Accelerator will also take practical steps to develop the region's R&D capacity and capability – particularly in respect of zero carbon, clean technologies and energy - to ensure the West Midlands reaps the benefits of Government's additional £5bn investment in public R&D by 2025 on the path to reaching 2.4% of GDP by 2030. In developing the programme of activity to be delivered by March 2025, the Innovation Board will be building upon existing technical capabilities and assets such as advanced manufacturing strengths or AI, Digital, and exploiting associated devolved powers, such as over skills, Foreign Direct Investment and land assembly.

- 2.12 The Levelling-Up White Paper also included a commitment to make the West Midlands a Smart City Region. This means scaling-up digital opportunities across the region in health tech, future mobility and smart energy. Programme details are being developed drawing on the initial pilot activities and building on the region's competitive advantage of its 5G coverage. They will transform the provision of services by using sensors, data and connectivity to optimise, and then transform, supply and demand. After testing and refinement with officials, the programme will be considered through WMCA governance processes.

### **3. Financial Implications**

- 3.1 There are no direct financial implications as a result of this report. The trailblazer devolution deal is designed to boost investment and growth in the region and any future funding decisions will be subject to future reports to the WMCA Board.

### **4. Legal Implications**

- 4.1 There are no legal implications as a result of this report. The Combined Authority already has a power of general competence which covers its activities on economic development and regeneration.

### **5. Equalities Implications**

- 5.1 There are no equalities implications.

### **6. Inclusive Growth Implications**

- 6.1 The overall trailblazing devolution deal is designed to attain the Levelling-Up Missions, which have inclusive growth and living standards at their heart.

### **7. Geographical Area of Report's Implications**

- 7.1 The report covers the West Midlands Combined Authority area, which is the geography that is exploring a trailblazing devolution deal. Other devolution discussions are underway in neighbouring county areas but are separate to this process.



**8. Other Implications**

8.1 None

**9. Schedule of Background Papers**



## Economic Growth Board

<b>Date</b>	13 May 2022
<b>Report title</b>	Regional Economic Development Functions Part A: LEP Integration
<b>Portfolio Lead</b>	Councillor Ian Brookfield Portfolio Holder for Economy and Innovation
<b>Accountable Chief Executive</b>	Laura Shoaf, Chief Executive, WMCA
<b>Accountable Employee</b>	Julie Nugent, Director of Productivity and Skills, WMCA
<b>Report has been considered by</b>	-

### Recommendations for decision

The Economic Growth Board is recommended to:

- i. Note work ongoing in the region, to respond to the Levelling Up White Paper, and subsequent guidance from government, to oversee the integration of LEPs within Mayoral Combined Authorities.
- ii. Note that this is in line with the work overseen by the Economic Growth Board's Task and Finish Group, to review the economic functions undertaken by organisations across the West Midlands, with a particular focus on LEP integration.
- iii. Agree that given the subsequent implications for LEPs, all 3 LEP Chairs should be invited to join the Task and Finish Group (currently this is just the Black Country Chair.)
- iv. Agree that we aim to submit a full integration plan to government by January, 2023, with a draft progress report to be submitted by end of July 2022.

### 1. Purpose

- 1.1 The purpose of this item is to propose an approach to integrating the West Midlands Local Enterprise Partnerships (LEPs) into the WMCA.

## 2. Background

- 2.1 At its first meeting on 2<sup>nd</sup> February 2022, the Economic Growth Board agreed to establish a task & finish group (the Economic Functions Task and Finish Group) to develop recommendations for aligning and streamlining economic development activity across organisations.
- 2.2 The Task and Finish Group met on 25<sup>th</sup> February 2022 and findings were reported to the Economic Growth Board, electronically – the original meeting scheduled for 24<sup>th</sup> March was unavoidably cancelled. The summary of positions on economic development functions is attached as Appendix A.
- 2.3 On 31<sup>st</sup> March 2022, all LEPs, Local Authorities and Combined Authorities received a letter from Government providing guidance on integration of LEPs into local democratic institutions. The letter is attached as Appendix B, and a brief summary of key points and how they relate to the West Midlands follows:
- Three pathways for the integration of LEP functions and roles into democratic institutions are set out:
    - Pathway 1 – integration of LEPs into institutions with devolved powers where they already exist: Black Country and Greater Birmingham & Solihull LEPs will follow this pathway whereby key functions will transfer to WMCA
    - Pathway 2 – LEPs to be maintained until a devolution deal is agreed
    - Pathway 3 – Finding a local solution where a (M)CA or institution only covers part of an existing LEP: Coventry & Warwickshire LEP will follow this pathway as only Coventry is a constituent member of the WMCA
  - Where there are multiple LEPs within a single (M)CA, they are expected to become one institution. This means that Government's expectation is that there will be mergers between the existing LEPs.
  - Government will no longer commission services from LEPs where they have integrated.
  - Geographic overlaps will be removed i.e. districts and boroughs from northern Worcestershire and southern Staffordshire will only be part of their county LEPs post-transition.
  - LEP functions relating to Growth Hubs, international trade & investment, local digital skills partnerships, Careers Hubs, local skills analysis, and monitoring and assurance will transfer to democratic institutions, in this case the WMCA.
  - Each LEP Board will decide its own future, including what happens with Enterprise Zones and legacy funded projects/programmes.
  - Core funding will be reduced by 25% to £375,000 in 2022/23, and will transfer to WMCA thereafter.
  - Two deadlines are proposed in the letter for the submission of an Integration Plan – 29<sup>th</sup> July 2022, and 27 January 2023 where more time is needed.

- 2.4 In addition, a letter on Growth Hubs (Appendix C) was received on 30<sup>th</sup> March 2022, confirming that Growth Hub funding will be reduced by 50% to in 2022/23. This means Black Country Growth Hub will receive £231,000; Coventry & Warwickshire Growth Hub will receive £271,000; and Greater Birmingham & Solihull Growth Hub will receive £350,000.
- 2.5 One Integration Plan will be developed for the West Midlands' seven Met area, with a potential further plan for Warwickshire (this will depend on local discussions and those with Government). The Plan will be led by WMCA, working in close partnership with LEPs and local authorities, and will set out how functions will be integrated – strengthening the overall offer to businesses and communities.
- 2.6 Government expects swift progress to be made on Pathway 1 and integration will play a key part in the West Midlands' devolution negotiations. However, given the complexities of integrating three LEPs, the January deadline is more practical for formal submission of a detailed plan.
- 2.7 To do so, the Directors of Economic Development agreed at their meeting on Friday 8<sup>th</sup> April 2022 to convene a LEP Integration Programme Board. This Programme Board will include representatives from all local authorities and LEPs, as well as the Department for Business, Energy and Industrial Strategy, WMCA and WMGC, and will be supported by Nick Glover who has been seconded from WMGC to WMCA to support this work. The Programme Board will meet bi-weekly from 29<sup>th</sup> April 2022, with recommendations being made to the Economic Growth Board via the Directors of Economic Development and the Economic Functions Task Group, Economic Growth Board. Progress will be shared and consultation undertaken with other fora as deemed appropriate.

### **3. Financial Implications**

- 3.1 There are no direct financial implications as a result of this report. Any future funding decisions will be subject to future reports to the Economic Growth Board and the WMCA Board.

### **4. Legal Implications**

- 4.1 There are no legal implications as a result of this report. The Combined Authority already has a power of general competence which covers its activities on economic development and regeneration. However, legal implications will arise as a result of LEP Integration in future.

### **5. Equalities implications**

- 5.1 There are no equalities implications.

### **6. Inclusive Growth Implications**

- 6.1 The opportunity presented by LEP Integration and the review of economic development functions should enable the region to deliver greater impact against the Levelling Up Missions, which have inclusive growth and living standards at their heart.

## **7. Geographical Area of Report's Implications**

- 7.1 The report primarily covers the WMCA area, which is the geography responsible for submitting a LEP Integration Plan to Government. Further discussions are required with Warwickshire (related to the pathway for integrating the Coventry & Warwickshire LEP), and potentially with Staffordshire and Worcestershire (regarding the assets and liabilities of the Greater Birmingham & Solihull LEP). Further engagement will be undertaken with Non-Constituent Members of the WMCA.

## **8. Other Implications**

- 8.1 None.

## **9. Schedule of Background Papers**

Appendix A – summary of economic development functions

Appendix B – letter on integrating LEPs into local democratic institutions

Appendix C – letter on Growth Hub funding

# Task and Finish Group's Summary of Functions

Function	Leadership position
Economic strategy	Sits with the Combined Authority through the Economic Growth Board (EGB), reporting into the CA Board. Local authorities and sub-regions/LEPs would be expected to feed into this, but there is no longer a role for LEPs to lead this work.
Economic intelligence	Is being rationalised across the region, and better linked to informing strategic and commissioning priorities for services. This approach will also need to complement Government's emerging approach to data and transparency and any roles or requirements of local authorities (e.g. new Audit Commission).
Business support system	WMCA, through the EGB and using its lead role on UK Shared Prosperity Fund, will have responsibility for leading the framework and commissioning of business support services. This will take account of LEP-led work to review the delivery of business support across the region. Subject to the decisions of individual LEPs/Growth Hubs, our expectation is that they will be able to bid into funding for this. Expectation is that funds will be procured, competitively – tbc.
Skills and employment	WMCA has a lead commissioning role, drawing on insight from local authorities and private sector advisory networks, and the voice of employers. Opportunity to build on LEP experience.
Account management of strategic firms	There's in-principle agreement to the strong account management of key strategic employers. Reflecting the importance of key employers to a place, this must complement local engagement relationships. The Growth Company have begun to develop proposals in this space. These should be linked to the future business support system
Capital funding	Agreed that LEPs will no longer have a role in commissioning capital funds. Instead, the EGB should play a lead role in aligning funding, such as SPF, major investment by Government agencies (UKRI) and local channels like Levelling-Up Fund
Cluster development	there are a variety of cluster/sector development models currently across the region (variously led by private bodies, local authorities, WMGC and LEPs). It was agreed that there is no one-size fits all model, and therefore cluster development should sit where it is best delivered, while integrating with complementary regional and local services like business support, innovation, skills and land supply.
Funding	The CA confirmed that it would not be able to provide core funding to LEPs if government funding is reduced.

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31 March 2022

## **Integrating Local Enterprise Partnerships into local democratic institutions**

Dear LEP Chairs, combined authority mayors and the Mayor of London,

Ahead of the publication of the landmark Levelling Up White Paper, we were pleased to speak with all Local Enterprise Partnerships (LEPs). We thanked them for the invaluable contribution they make to their local economies. As the White Paper makes clear, the private sector which LEPs represent will be critical to levelling up. To maintain the integrity of this independent voice, the White Paper sets in motion some changes to the roles and functions of LEPs to ensure local areas are in the best possible position to deliver our shared levelling up objectives over the longer term.

The update in the White Paper, and this letter, concludes the LEP review. We acknowledge the review has caused considerable uncertainty over the last year for LEPs and their staff. We would like to thank all local partners for their patience and support as we developed and agreed our policy on the future of LEPs.

We were pleased to set out our guiding vision in the White Paper of more integrated, better aligned and empowered local institutions with the tools they need to unlock economic growth and level up at a local level.

In some areas, LEPs already enjoy a close, collaborative relationship with combined authorities. In others, LEPs retain a high level of independence. Our priority in the recent LEP review has been to balance the accountability of local growth institutions, our objectives on devolution and the need to retain a local, independent, business voice. Within that context the White Paper set out our expectations of even closer integration between LEPs and local democratic institutions. The enclosed guidance sets out further detail on how, when and where we expect that transition to occur.

We want to ensure that businesses outside of devolution areas continue to be able to access the support, insights and representation that LEPs provide, and to ensure that an independent business and stakeholder voice continues to play its vital role supporting growth in all parts of England. Until devolved institutions exist in an area, we will support LEPs as they are currently constituted, subject to future funding decisions.

To provide clarity and certainty to LEPs and local democratic institutions, we can confirm core/transition funding will continue at a rate of £375,000 per LEP for financial year 2022/23, reflecting their revised role and functions and subject to business case approvals.

We encourage you to review this letter and its accompanying guidance (overleaf) in detail. It confirms that we will work with all LEPs, (mayoral) combined authorities, the Greater London Authority, local authorities, the LEP Network, and other local partners to manage as smooth a transition as possible. Where LEP functions and roles are to be integrated, we will invite places to submit an 'integration plan' for development and submission to government by 29 July 2022 or, where more time is needed, by 27 January 2023.

We look forward to working with all of you over the coming months.



**NEIL O'BRIEN**

Minister for Levelling Up, the Union and Constitution



**PAUL SCULLY**

Minister for Small Business, Consumers and Labour Markets, and Minister for London

Cc: Local authority leaders and chief executives; LEP chief executives; combined authority chief executives; and the chief executive of the Greater London Authority.

# Guidance on integrating Local Enterprise Partnerships into local democratic institutions

1. Local Enterprise Partnerships (LEPs) have played a valuable role in supporting local economic growth since their inception in 2011. LEPs have brought businesses, education and local government together, delivered large capital investment schemes, provided vital support to businesses during COVID-19, hosted impactful programmes on behalf of government departments and developed economic strategies for their areas. Government values the contribution LEPs have made and continue to make to their local economies. We thank them and their staff for their hard work to date.
2. The publication of the Levelling Up White Paper marks a turning point for local growth policy. It set out a series of ambitious missions to level up by, for example, increasing pay, employment, skills and productivity, ensuring every area has a globally competitive city, and offering every part of England a devolution deal that wants one within the new devolution framework. The missions will be cross-government, cross-society efforts, and it will be vital that the private sector plays a role in delivering against them. We recognise the strategic value of involving business leaders and other stakeholders in local decision-making, and of locally-led economic strategies covering functional economic areas. To this end, we will be re-wiring the system to ensure it is fit for purpose, including by integrating the functions and roles of LEPs into our plans for devolution.
3. This letter builds on the White Paper and LEP review and outlines government's plans for the evolution of LEPs. We are grateful to the extensive range of local partners who took part in the review and thank them for their patience as we reflected on its findings. This letter marks the beginning of the transition of LEPs' functions and roles into local democratic institutions. It sets out the principles of future LEP policy but allows some flexibility to accommodate local circumstances. These local circumstances will, in turn, shape the immediate next steps for LEPs as well as their future role. The letter does not set out how integration will play out for individual LEPs, but it does establish parameters and principles to guide LEPs and local democratic institutions, working with government, through the transition. We will work closely with the LEPs, the LEP Network, combined authorities and, where required, local authorities, to ensure the forthcoming period of change is as smooth as possible.

## Levelling Up White Paper

*For the last decade, LEPs have acted as important organisational means of bringing together businesses and local leaders to drive economic growth across England. They have also been responsible for the delivery of a number of major funding streams. It is important to retain the key strengths of these local, business-oriented institutions in supporting private sector partnerships and economic clusters, while at the same time better integrating their services and business voice into the UK government's new devolution plans.*

*To that end, the UK government is encouraging the integration of LEPs and their business boards into MCAs, the GLA and County Deals, where these exist. Where a devolution deal does not yet exist, LEPs will continue to play their vital role in supporting local businesses and the local economy. Where devolution deals cover part of a LEP, this will be looked at on a case-by-case basis. Further detail on this transition will be provided in writing to LEPs as soon as possible.*

# Principles

## Integrating LEPs into our plans for devolution

4. We will support the integration of LEP functions and roles into the institutions sitting at Levels 2 and 3 of the devolution framework: single institutions such as a (mayoral) combined authority ((M)CA), a county council or a unitary authority across a functional economic area with (Level 3) or without (Level 2) a directly elected mayor. LEP functions and roles will be integrated into institutions with devolved powers for the purpose of hosting a county deal, and the London Economic Action Partnership will be further integrated into the Greater London Authority. Where devolution deals have already been implemented, we expect LEPs' functions and roles can be integrated over the coming year. Where devolution deals are set to be negotiated, the integration of LEP functions, roles and boundaries will be considered as part of those negotiations, with LEPs supporting local leaders, where requested, to embed a private sector perspective into that conversation. Once a future devolution deal is agreed and implemented, or where an institution progresses to at least Level 2 of the devolution framework, LEP functions and roles can be integrated. Where no devolution deal is in place, LEPs will be maintained until a devolution deal is agreed, subject to future funding decisions. Where a devolution deal geography cuts across a current LEP geography, we will engage with local partners and consider the best outcome for local businesses on a case-by-case basis guided by local preferences. Democratically accountable local leaders will lead the integration of LEP functions and roles into their respective institutions, working jointly with LEPs and, where necessary, other local stakeholders.

## Future role

5. The future role of individual LEPs will differ depending on local circumstances and the status of devolution locally. Broadly, we expect the future role of LEPs – or the local democratic institution after LEP functions have been integrated – will be to:
  - a. Embed a strong, independent and diverse local business voice into local democratic institutions.
  - b. Carry out strategic economic planning in partnership with local leaders that clearly articulates their area's economic priorities and sectoral strengths. This should involve building and maintaining a robust local evidence base that identifies local strengths and challenges, future opportunities and the actions needed to support priority sectors, aligned to the relevant levelling up missions. The nature of this role will depend on individual LEPs' integration pathway. Across all pathways, LEPs, or local democratic institutions where LEP functions and roles have been integrated, should continue to use their convening power to bring together business, education and other local economic stakeholders.
  - c. Continue to deliver a number of functions on behalf of government departments, shaped by the local business voice where relevant. Future programme and funding decisions will be taken by each respective department according to their own decision-making and business planning processes, priorities and timescales. However, at the present juncture we would expect departments to continue to engage with LEPs, or begin to engage with the respective local democratic institution once LEP functions have been integrated, on the delivery of:
    - I. Growth Hubs, on behalf of the Department for Business, Energy and Industrial Strategy;
    - II. International trade and investment activity, provision of local business intelligence, grant funding and levelling-up focused projects, on behalf of the Department for International Trade;

- III. Local Digital Skills Partnerships, on behalf of the Department for Digital, Culture, Media and Sport;
  - IV. Careers Hubs, on behalf of the Department for Education;
  - V. Local skills analysis via Skills Advisory Panels, on behalf of the Department for Education; and
  - VI. Monitoring and assurance pertaining to existing local growth programmes and funds for which LEPs are responsible.
- d. Where appropriate, LEP business boards can help broker and support new or deeper devolution deals, where requested by local partners. New or deeper devolution deals will not need to be signed off by LEPs.

## Future funding

6. For LEPs that are set to be integrated, we term their funding 'transition' funding. For LEPs that are not set to be integrated over the coming year or once their functions and roles have been integrated into local democratic institutions, we term their funding 'core' funding. We can confirm that we will provide core/transition funding of £375,000 for the full financial year 2022/23, subject to business case approvals. As set out in paragraphs 17(a) and 19–21, we will work with local partners to give effect to LEP integration at the earliest possible opportunity, where relevant.
7. Where LEPs are integrated into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal and there are subsequent boundary changes, we will proportionately revise future core/transition funding grants, where required, on an individual basis. We will maintain the expectation that match funding of at least 50% of government's core funding grant must be secured. We will allow a reasonable proportion of LEP core funding to be used to cover essential preparatory work and legal costs associated with the integration process, where necessary. Our expectation is that only one set of external legal advice should be procured for every integration, with all parties agreeing on the legal questions to be resolved, where necessary.

## Integration pathways

8. The principles set out above will translate differently into different local contexts, largely depending on the status and outcome of local devolution negotiations. We expect individual LEPs will follow one of three 'integration pathways' (also illustrated in **Annex A**):
- I. Integrating LEPs into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal;
  - II. Maintaining LEPs until a devolution deal is agreed; or
  - III. Finding a local solution where one or more (M)CA or institution with devolved powers for the purpose of hosting a county deal covers only part of the LEP area, leaving part(s) of the LEP area outstanding.

At the present juncture, we expect most areas will either be on pathway I or II with only a few on pathway III.

### **Pathway I: Integrating LEPs into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal**

9. We anticipate that all LEPs will eventually fully integrate into local democratic institutions in line with our mission to offer a devolution deal to everywhere that wants one by 2030.

- a. Where LEP geographies are coterminous with existing (M)CAs, we will support the integration of LEPs' functions and roles into those democratically accountable institutions.
- b. Where there are multiple LEPs within a single (M)CA or county deal area and boundaries are coterminous, we expect them to become one integrated institution on the geography of the constituent (M)CA or institution with devolved powers for the purpose of hosting a county deal. Where this involves boundary changes, Ministers will consider the preferred local solution put forward by local partners on a case-by-case basis, considering the guiding principles suggested for pathway III.
- c. Where there is one LEP area but multiple (M)CAs or institutions with devolved powers for the purpose of hosting a county deal which cut across its geography, we expect LEP functions and roles to integrate into those separate institutions.
- d. LEP functions and roles are part of Level 3 (top) and Level 2 (mid) of the devolution framework; they will not be integrated into institutions at Level 1 of the devolution framework, where local authorities are working together across a functional economic area or whole county area (for example, through a joint committee). In Level 1 areas, LEPs will likely follow either integration pathway II or III, or potentially a mixture.
- e. Since the 2018 LEP review, we have had a clear position on geographic boundary overlaps: they dilute LEPs' ability to set clear strategies for places and confuse the local growth landscape. All LEP overlaps must be removed through the process of LEP integration. This will be a 'red line' in our devolution negotiations.

10. We expect the future role of LEPs integrated into (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will mirror the principles set out in paragraph 5, with some modifications. LEPs' functions and roles should complement and add value to the wider suite of decision-making powers we are devolving to local leaders, which presents opportunities to further join up activity and drive progress towards the levelling up missions. As set out in paragraphs 17(a) and 19–21, local democratic institutions should submit an 'integration plan' to government before 29 July 2022, or by 27 January 2023 where more time is required.

- a. With regard to the business voice, the LEP board should become, or integrate with, the (M)CA or institution with devolved powers for the purpose of hosting a county deal's business board. The (M)CA or institution with devolved powers for the purpose of hosting a county deal will have the flexibility to preserve the current LEP board as a sub-board or merge the LEP board into an existing or new internal business board(s). Local leaders will also have the flexibility to adjust the membership of the newly integrated business board, including by inviting the participation of local economic partners outside of the business community, and can re-brand as necessary. The business board should be consulted on all relevant economic decisions. Any new business board members must be appointed through an open process. That process should ensure appointees are politically independent and able to provide a constructive check and challenge on local decision-making using their private sector perspective. (M)CAs and institutions with devolved powers for the purpose of hosting a county deal must, in their integration plans and as part of any future devolution negotiations, set out how they will ensure business boards are meaningfully involved in decision making and openly recruited, which will be a prerequisite for the release of further core/transition funding. Any newly integrated business voice function should play an active role in partnerships such as Town Deal Boards, where those partnerships currently have local LEP participation at the request of local partners. Where the LEP is mentioned in statute, in due course we will amend so that it reflects any new arrangements.
- b. With regard to strategic economic planning and maintaining a local economic evidence base, the (M)CA or institution with devolved powers for the purpose of hosting a county

deal will decide the direction and balance of these activities. This role must be additional to any statutory planning obligations, such as apply to the GLA.

- c. With regard to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- d. With regard to devolution negotiations, LEPs can offer advice where requested by local partners on deepening their devolution deals. Devolution deals will not be subject to sign off by LEPs.

11. The principles of future funding for LEPs as set out in paragraphs 6 and 7 apply to all LEPs. Where LEPs are integrated, (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will be allocated the core funding LEPs currently receive, subject to integration plan and business case approvals. Any long-term future funding for the integration of LEP functions and roles will be subject to future funding decisions and business planning. Our intention, however, is that any future funding that is provided for the integration of LEP functions and roles will be additional to any capacity funding agreed as part of individual devolution deals.

### **Pathway II: Maintaining LEPs until a devolution deal is agreed**

12. We want to ensure businesses outside of devolution areas are still able to access the support, insights and representation LEPs currently provide. Where no devolved institutions exist in an area, we will support LEPs as they are currently constituted until there is devolution, subject to future funding decisions. This also applies to Level 1 devolved institutions – the lowest tier of the new devolution framework – unless and until they progress onto a higher level. Where a future devolution deal is agreed, or where the devolved institution progresses to a higher level of the devolution framework, LEPs will move onto integration pathway I.

13. The future role of LEPs will mirror the principles set out in paragraph 5 with some modifications.

- a. With respect to business voice, we will support LEPs to continue to embed a strong, independent and diverse local business voice into the local decision-making fora they are party to. Local authorities in England may wish to consult with LEPs, along with other local partners, as part of the development of local plans and applications to local growth funds such as the UK Shared Prosperity Fund (UKSPF) or Levelling Up Fund, where projects have an economic development purpose. We encourage all local and relevant national partners to engage with LEPs where a private sector and economic perspective can add value to local decision-making and expect LEPs to readily offer advice where requested.
- b. With regards to strategic economic planning, we will support LEPs to develop local economic strategies and maintain business and economic intelligence for their areas. LEPs outside of devolution areas should set how they intend to utilise their strategic economic function (alongside the other functions and roles set out here) in their delivery plans (see paragraph 15 for more details). These should be published by 30 June 2022. In considering how to employ their strategic economic development function, LEPs should consider what will add most value to their local area, aligning where possible to the levelling up missions set out in the Levelling Up White Paper, in particular mission 1<sup>1</sup>.
- c. With regards to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- d. With regard to devolution negotiations, LEPs can offer advice where requested by local partners on deepening their devolution deals. Devolution deals will not be subject to sign off by LEPs.

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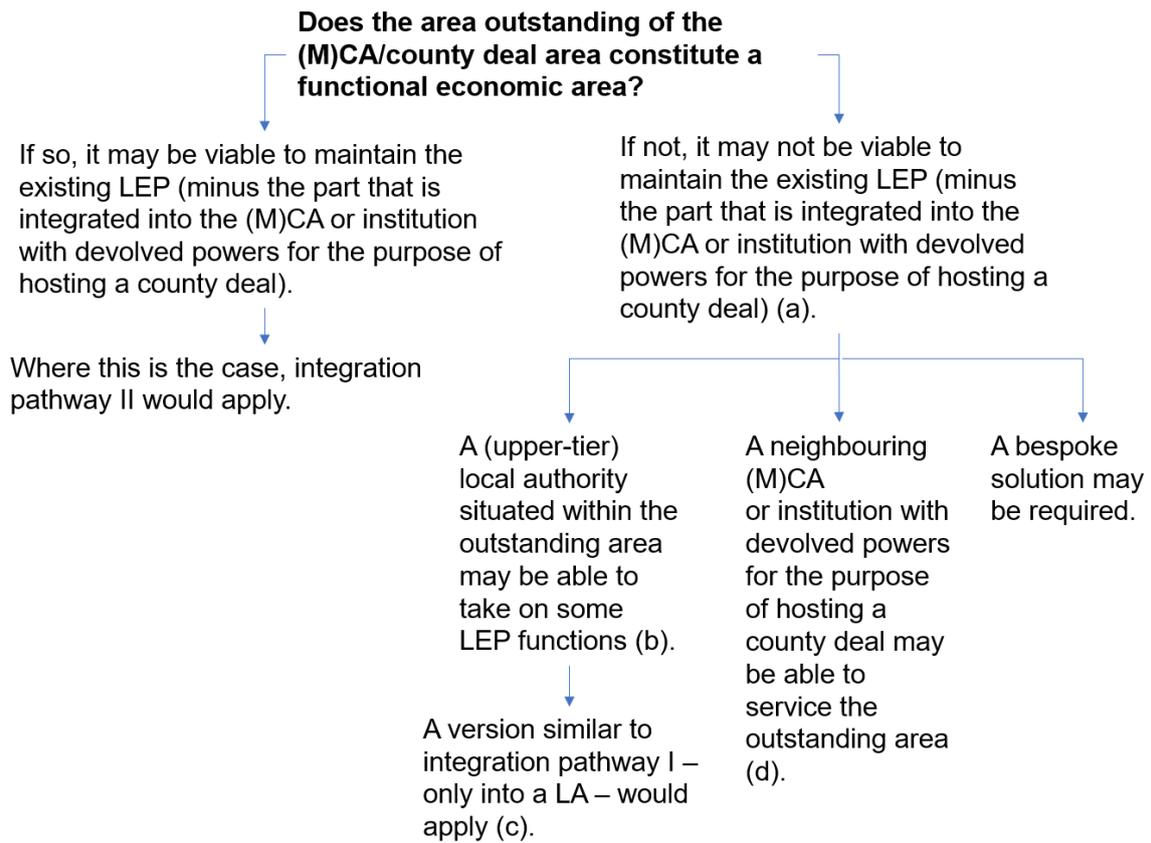
<sup>1</sup> By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.

14. The principles of future funding decisions set out in paragraphs 6 and 7 apply to all LEPs. Our position on core funding provides LEPs with clarity for the coming financial year as a whole, with LEPs on pathway II set to receive £375,000. Subject to future business case approvals, LEPs on pathway II will continue to be the recipient of core funding and their respective local authority will remain the accountable body. Devolution is a process and not an event, and we recognise that some areas may need time to decide which if any devolution arrangement is right for them. As above, any long-term future funding for LEPs outside of (M)CA or county deal areas will be subject to future funding decisions and business planning. We will keep this position under review, considering the progress of local devolution negotiations.
15. There will be two parts to our approach to assuring LEPs on pathway II, covering: (a) the coming financial year (2022/23); and (b) the period thereafter.
- a. As part of the current assurance monitoring process, we ask that all LEPs publish their delivery plans for the coming year (2022/23) by 30 June 2022 at the latest. These documents should set out how LEPs intend to use the full range of their core functions and roles (as set out in paragraphs 13a–d) to support their local economies and local decision-making. Government will work with LEPs to develop measures to report against in these plans. These will be considered as part of the annual assurance process. The National Local Growth Assurance Framework (NLGAF) will continue to apply to LEPs as at present.
  - b. For future years, we will ask LEPs on this pathway to agree delivery plans alongside delivery and performance metrics with government in advance of publication. Our current expectation is that LEPs will need to submit draft delivery plans for 2023/24 by 25 November 2022. Future provision of core funding will be subject to agreement of these plans with government and, thereafter, subject to meeting agreed delivery and performance metrics. We intend to amend the NLGAF over the coming year to ensure our future requirements of LEPs remain proportionate to their revised role and functions.

**Pathway III: Finding a local solution where one or more (M)CA or institution with devolved powers for the purpose of hosting a county deal covers only part of the LEP area, leaving part(s) of the LEP area outstanding**

16. Integrating LEP functions and roles into (M)CAs and institutions with devolved powers for the purpose of hosting a county deal may create boundary issues in some areas. We will engage with local partners to understand the range of possible outcomes for LEP integration in such cases, which we will consider on a case-by-case basis through the integration plan process guided by local preferences. If an (M)CA or institution with devolved powers for the purpose of hosting a county deal cuts across a LEP area and only part of the LEP area is integrated, leaving another part outstanding, we will consider each case against the following guiding principles. We will want to hear from local partners on their preferred local solution for dealing with any outstanding areas. We expect that each local solution will provide a template for other LEPs in similar circumstances to consider. Any outstanding overlaps between LEP geographies must be removed as part of the preferred local solution.

FIGURE 2: Potential guiding principles for dealing with outstanding areas



*Further information on guiding principles*

- a. It may not make sense in most instances to maintain all LEP functions and roles in geographies that are substantially below the functional economic area level.
- b. Where there are multiple local authorities in the outstanding area, a lead local authority should be appointed, and service agreements signed, to ensure coverage across the LEP area. The host local authority should, where possible, be a UTLA. With regards to the functions and roles of the local authority that absorbs the LEP:
  - i. We encourage the local authority to consider a range of options to maintain an independent business board. The local authority should present its preferred option to government through the process of developing an integration plan. Depending on local context, this may involve using or re-purposing an existing business board function within the local authority or area; creating a new business board; or potentially accessing advice and input from established private sector organisations with a relevant geographic remit. The business board should be consulted on all relevant economic decisions. Local authorities must, in their integration plans, set out how they will ensure business boards are meaningfully involved in decisions and openly recruited or appointed, which will be a prerequisite for the release of future core funding. Any newly integrated business voice function should play an active role in partnerships such as Town Deal Boards, where those partnerships currently have local LEP participation at the request of local partners.
  - ii. In most instances, we would not expect the host local authority to undertake additional strategic economic planning or maintain additional local economic intelligence on behalf of the outstanding area for the reason set out in (a), unless there is a strong strategic and economic case.

- iii. With regards to the functions LEPs currently deliver on behalf of government departments, please see paragraph 5(c).
- c. The process for integrating LEP functions and roles into local authorities would look similar to LEP integration on pathway I, only a local authority would be the 'recipient'. We will similarly expect the local authority to produce an integration plan setting out how it intends to take on the LEP's functions and roles pertaining to the outstanding area, where this is the agreed local solution.
- d. Alternatively, a neighbouring (M)CA or institution with devolved powers for the purpose of hosting a county deal – but not a LEP – may, in some instances, be able to 'serve' the outstanding area. It will be for the (M)CA or institution with devolved powers for the purpose of hosting a county deal to ascertain whether this arrangement is legally feasible, considering, for example, the formal powers conferred by its devolution deal. Where it is feasible, a proportionate mechanism should be agreed for the outstanding area to be able to input into decision-making processes which have a bearing on its local economy. This mechanism should be jointly developed between the (M)CA or institution with devolved powers for the purpose of hosting a county deal and the council(s) covering the outstanding area.

## Timescales

17. We expect individual LEPs will need a variable amount of time to integrate into local democratic institutions.

- a. LEPs in areas where there are existing (M)CAs can be integrated over the coming year. Where integration can happen quickly, and if integration plans can be developed, given proper consideration and approved, mitigating any consequences for neighbouring areas and managing any implications for staff, where relevant, we will work with local partners to give effect to the integration of LEP functions and roles at the earliest practicable opportunity, subject to HMT business case approval. This will require submission of an integration plan before 29 July 2022. There will be a second opportunity to submit an integration plan, by 27 January 2023, where more time is needed. We expect that LEP integration into new (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will likely take longer, considering the time required to negotiate, implement and legislate for new deals.
- b. We acknowledge that LEP integration in areas where devolved institutions do not presently exist will depend on the timing of any future devolution deal.
- c. Some LEPs on integration pathway III may need to wait until there is clarity on the outcome of local devolution negotiations to be able to fully consider their options for integration. Where there is uncertainty on local devolution, LEPs should engage with government.

18. Key near-term milestones during this period, which should be treated as illustrative, are outlined in **Annex B**.

## Integration plans

19. It is important that LEP functions and roles are considered as part of any deal negotiation process and that integration plans are developed in parallel. Integration plans must, at a minimum, take

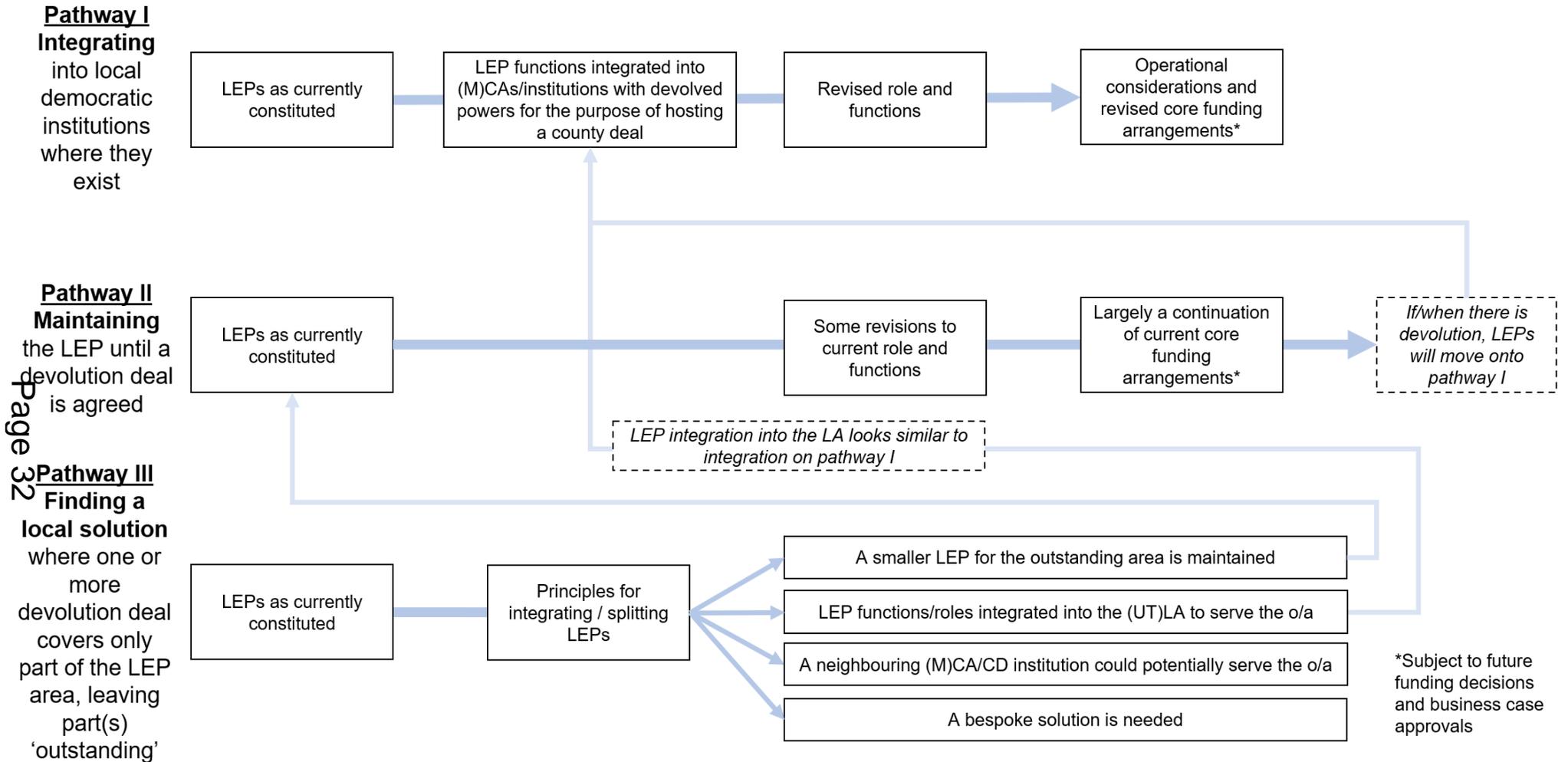
account of all of the above considerations and highlight any additional considerations that are locally specific. The plans must include considerations that are specific to existing LEPs, including how any outstanding liabilities, the transfer (novation) of contractual obligations, any capital underspend and assets will be dealt with. We expect individual LEPs will need to handle each matter differently depending on their present and historic circumstances. Where the LEP is to be integrated, (M)CAs and institutions with devolved powers for the purpose of hosting a county deal must have regard to whether the Transfer of Undertakings (Protection of Employment) (TUPE) principle applies, considering how they intend to discharge their new roles and functions. This matter should be treated with the upmost sensitivity. Should a LEP decide to wind down where its functions and roles are to be integrated, the plans should give regard to all matters and impacts that need to be considered as part of that process. We will provide an illustrative template for integration plans.

20. On integration pathway I, (M)CAs or institutions with devolved powers for the purpose of hosting a county deal will lead the development of the plans, setting out how the integration of LEP functions and roles will add value to and align with existing and scheduled activity. LEPs that already have the legal personality of a combined authority should still produce an integration plan, omitting considerations that do not apply. This also applies to the GLA. On integration pathway III, integration plans should be developed by the body that is to take on the LEP's functions and roles pertaining to any outstanding area(s) – i.e., the local authority, (M)CA or institution with devolved powers for the purpose of hosting a county deal, depending on the preferred local solution – led by their democratically accountable local leaders in consultation with other relevant parties. In both instances, the respective local LEP(s) should play a key role in co-developing the plan and should sign it off prior to its submission to government for consideration by the relevant departments. Key local stakeholders should be involved in the development of the plans from an early stage. Commercially sensitive information pertaining to the LEP may be submitted in parallel to the main integration plan. We will not require an integration plan for LEPs on integration pathway II unless and until there is local devolution – see paragraph 15 for the assurance considerations that apply to LEPs on this pathway.
21. The functions and roles agreed as part of the integration plans will form the basis of our core funding grant offer letter pertaining to LEPs on pathways I and III. Performance against these functions and roles will inform future individual core funding decisions. Where a LEP's functions and roles are integrated, individual integration plans will inform our approach to assurance.

## Engagement and next steps

22. To ensure as smooth a transition as possible, we will set up a regular rhythm of engagement with the LEP Network. We encourage individual LEPs to cascade initial questions about the transition to the LEP Network. We will pursue a similar arrangement at working level with the M10 group of Mayors for questions pertaining to combined authorities. LEPs that are set to be integrated over the coming year will, in due course, be assigned an 'account manager' within government – an Area Lead within the Cities and Local Growth Unit – who will be able to respond to and escalate locally specific issues and questions pertaining to the development of integration plans where required. Government will provide an illustrative template for these plans. For further information, and to submit integration plans once complete, contact: [LEP.Integration@levellingup.gov.uk](mailto:LEP.Integration@levellingup.gov.uk).

## Annex A – Integration pathways



## Annex B – Illustrative milestones

<b>2022</b>	
31 March	<ul style="list-style-type: none"> <li>LEPs, (M)CAs and local authorities receive and consider this letter and discuss the integration pathway that applies to them.</li> </ul>
April	<ul style="list-style-type: none"> <li>LEPs and (M)CAs should now have a sense of which integration pathway applies to them. Integration plans for LEPs that are to be integrated this year should begin to be developed, where local partners are able to move quickly. Government will provide an illustrative template for integration plans.</li> <li>CLGU officials will commence a regular rhythm of engagement with the LEP Network and, at working level, the M10 group of Mayors.</li> <li>LEPs and (M)CAs on integration pathways I and III will be assigned an ‘account manager’ who will support the transition to integration.</li> </ul>
30 June	<ul style="list-style-type: none"> <li>LEPs on pathway II should publish their delivery plans for financial year 2022/23, as set out in paragraph 15(a).</li> </ul>
29 July	<ul style="list-style-type: none"> <li>LEPs and (M)CAs on pathway I will have an early opportunity to submit their integration plans, as set out in paragraphs 17(a) and 19–21.</li> </ul>
Late September	<ul style="list-style-type: none"> <li>Government will respond to the first tranche of integration plans.</li> </ul>
October	<ul style="list-style-type: none"> <li>Where government agrees with the integration plans, LEPs and (M)CAs should proceed to implement them as agreed.</li> </ul>
25 November	<ul style="list-style-type: none"> <li>LEPs on pathway II should submit draft delivery plans to government for the following year (2023/24), as set out in paragraph 15(b).</li> </ul>
<b>2023</b>	
January	<ul style="list-style-type: none"> <li>Government will seek to agree delivery plans for the coming year (2023/24) with LEPs on pathway II.</li> </ul>
January 27	<ul style="list-style-type: none"> <li>Combined authorities and LEPs on pathway I will have a second opportunity to submit their integration plan, as set out in paragraphs 17(a) and 19–21.</li> </ul>
Late March	<ul style="list-style-type: none"> <li>Government will respond to the second tranche of integration plans.</li> </ul>

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30th March 2022

Dear LEP Chief Executives

### **Confirmation of Funding for Growth Hubs, Financial Year 2022/23**

Firstly, I should like to apologise for confirmation of next year's funding for LEP provision of Growth Hubs not arriving until this close to the end of the Financial Year. We do appreciate the uncertainty and difficulties that this has caused within the network.

I would also like to take this opportunity to thank you and your teams for the work that you have done over the last year - and continue to do - to respond to the ongoing economic challenges and opportunities, including the impact of the situation in Ukraine. Your ability to pivot support and respond to business needs is highly valued across Government.

Following the recent Spending Review, difficult decisions have had to be made across BEIS on a number of programmes in order to safeguard all the department's funding priorities. I can confirm that BEIS core funding to LEPs for their Growth Hubs has now been agreed for the financial year 2022/23, but at a reduced rate of £11m in total (a 50% reduction on the core budget of 2021/22).

As you will appreciate this reduction means we have to revisit individual allocations. These have been decided by reviewing the 2021/22 allocations, acknowledging the reduction in annual funding, but with the aim to maintain the policy approach taken to allocations in 2021/22. In view of this we have taken the decision to halve individual allocations from their 2021/22 levels. We are also maintaining funding for Growth Hub cluster leads and the National Co-ordinator, but again at half the previous level of funding.

With less funding for the network, we therefore intend to base grant agreements around principles of funding, setting out the minimum core provision that we would expect to be delivered under the core funding allocation. We will provide more flexibility to LEPs in the way core funding is used, how it is tailored for local priorities, and how it can dovetail with any broader services that the LEP wishes to provide through its Growth Hub. We will continue to strongly encourage partnership working within clusters and across the network to both maintain the strength and coherence of the network, and to help achieve economies of scale. This will be set out in the grant offer paperwork.



Department for  
Business, Energy  
& Industrial Strategy

Department for Business, Energy & Industrial Strategy  
2 St Paul's Place, Norfolk Street  
Sheffield  
S1 2FJ

Please find at **Annex A** details of the total funding allocations for the 38 LEPs for their Growth Hubs in 2022/23.

We will write to you and your Accountable Bodies as soon as we can to commence the grant awarding process.

If you have any immediate questions, please contact [Growth.hubs@beis.gov.uk](mailto:Growth.hubs@beis.gov.uk).

Yours sincerely

**Jenny Dibden**  
Co-Director and Senior Responsible Officer  
Funding Delivery Directorate  
Cities and Local Growth Unit



**ANNEX A**

**Awards by LEP area – 2022-23**

Growth Hub	% VAT/PAYE registered businesses (figures as of March 2021)	Allocation 2021/22 £22M (£k)	Allocation 22/23 £11m inc cluster (£k)
Black Country	1.4%	£462,000	£231,000
Buckinghamshire Business First	1.2%	£462,000	£231,000
Cheshire and Warrington	1.9%	£462,000	£231,000
Coast to Capital	3.1%	£536,500	£268,250
Cornwall and IOS	1%	£542,000	£271,000 inc £40k for cluster
Coventry and Warwickshire	1.5%	£542,000	£271,000 inc £40k for cluster
Cumbria	0.9%	£462,000	£231,000
D2N2	3.1%	£700,000	£350,000
Dorset	1.3%	£462,000	£231,000
Enterprise M3	3%	£616,500	£308,250 inc £40k for cluster
Gloucestershire	1.2%	£542,000	£271,000 inc £40k for cluster
Greater Birmingham & Solihull	3.1%	£700,000	£350,000
Greater Cambridge and Greater Peterborough	1.5%	£536,500	£268,250
Greater Lincolnshire	1.7%	£573,250	£286,625 inc £40k for cluster
Greater Manchester	4.4%	£780,000	£390,000 inc £40k for cluster
Heart of the South West	3%	£536,500	£268,250
Hertfordshire	2.5%	£536,500	£268,250
Hull and East Yorkshire	0.8%	£430,750	£215,375
Lancashire	2.2%	£536,500	£268,250
Leeds City Region	3.4%	£780,000	£390,000 inc £40k for cluster
Leicestershire	1.8%	£536,500	£268,250
Liverpool City Region	1.7%	£780,000	£390,000 inc £40k for cluster
London	21.4%	£880,000	£440,000 inc £40k for cluster
New Anglia	2.7%	£536,500	£268,250
North East	2.6%	£780,000	£390,000



			inc £40k for cluster
Oxfordshire	1.3%	£462,000	£231,000
SEMLEP	3.1%	£616,500	£308,250 inc £40k for cluster
Sheffield City Region	1.4%	£700,000	£350,000
Solent	2.1%	£536,500	£268,250
South East	7.3%	£890,000	£445,000
Stoke and Staffordshire	1.6%	£536,500	£268,250
Swindon & Wiltshire	1.2%	£462,000	£231,000
Tees Valley	0.6%	£462,000	£231,000
Thames Valley Berkshire	2%	£462,000	£231,000
The Marches	1.3%	£462,000	£231,000
West of England	2%	£700,000	£350,000
Worcestershire	1.1%	£462,000	£231,000
York & N.Yorks	1.6%	£536,500	£268,250
		<b>£22,000,000</b>	<b>£11,000,000</b>

	<b>Cluster Leads and National Cluster Coordinator</b>
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<b>Date</b>	Friday 13 May 2022
<b>Report title</b>	Regional Economic Development Functions Part B: Role of the West Midlands Growth Company
<b>Portfolio Lead</b>	Councillor Ian Brookfield Portfolio Holder for Economy and Innovation
<b>Accountable Chief Executive</b>	Laura Shoaf, Chief Executive, WMCA
<b>Accountable Employee</b>	Julie Nugent, Director of Productivity and Skills, WMCA
<b>Report has been considered by</b>	-

### **Recommendations for decision**

The Economic Growth Board is recommended to:

- i. Agree in principle that WMGC should continue to deliver activity similar in scope and scale to the Business and Tourism Programme (BATP), and should continue to explore other opportunities to add value to delivering the region's economic strategy, recognising that appropriate funding streams will need to be secured. If agreed, WMGC will work with partners to establish a new suite of objectives and key indicators to better deliver the Plan for Growth, address the region's levelling-up challenges and to meet the specific needs of places in the region.

#### **1. Purpose**

- 1.1 The purpose of this item is to agree in principle the 'business as usual' scope of the West Midlands Growth Company's (WMGC) role within the regional economic development system in order to input into WMCA's budget-setting, Trailblazer Devolution Deal and UK Shared Prosperity Fund (UKSPF) Investment Plan processes, and to enable WMGC to undertake further work with WMCA and local authorities on a new suite of objectives and key indicators to deliver both regional and place-specific outcomes.

#### **2. Background**

- 2.1 WMGC is constituted as a company limited by guarantee, wholly owned by WMCA and the seven constituent Metropolitan authorities. At present, WMGC is funded by both the Department for Culture, Media, and Sport and WMCA to deliver BATP and

business as usual activity, which includes attracting businesses (Foreign Direct Investment), capital, visitors and conferences & events to the region.

- 2.2 WMGC's substantive funding from both WMCA and DCMS comes to an end in March 2023 (save for some B ATP tail funding, which is fully committed, and the ongoing commitment of £0.7m from WMCA's core fund). To establish itself as a going concern, WMGC needs clarity on its future funding no later than November 2022. With WMCA due to begin its budgeting process shortly after the local elections, devolution deal negotiations ongoing and work on the UK Shared Prosperity Fund Investment Plan about to commence, this is an opportunity for the Economic Growth Board to express its view on the scope of WMGC's role beyond its current Service Level Agreement.
- 2.3 The letter from Government on LEP Integration identified international trade & investment as a key function to be integrated into WMCA. While the previous item set out the approach to establishing an agreed regional position on what economic development functions should be delivered at which spatial levels and high-level principles for integration, the responsibility for investment already sits with WMCA and is discharged by WMGC and so does not need to be part of this workstream. Future funding does though need to be considered, along with opportunities to grow the scope of WMGC's role in a post-LEP Integration landscape.
- 2.4 If the ambitions set out in the Plan for Growth and the Levelling Up White Paper are to be realised then attracting investment will become even more important. B ATP is delivering significant returns in excess of agreed targets and overcoming the region's international visibility challenge, building a significant pipeline of investment, conferences and sporting events (please see Appendix A). WMGC therefore believes there is a strong rationale to continue delivering activity similar in scope and scale to B ATP as its business as usual, rather than returning to pre-B ATP levels of activity. This is especially critical as the international markets for investment, visitors, conferences and events grow increasingly competitive.
- 2.5 Whilst the case for continuing such a programme of activity is strong, it is also recognised that WMCA does not have the means to fund this directly from current resources. If the Economic Growth Board supports retaining this level of activity, work will continue through the devolution process to explore Government's appetite to continue funding activity that is similar in scope and scale to B ATP, albeit recognising that a new rationale will be required in the absence of the Commonwealth Games. Meanwhile, opportunities to fund some WMGC activity will be explored as the UKSPF Investment Plan is developed.
- 2.6 As well as securing additional resource to support FDI attraction, research by the University of Warwick has shown that a more coherent approach to attracting it is required to ensure the greatest returns are received. This suggests that WMGC's current targets (projects landed, jobs created, GVA and business rates uplift) are no longer sufficient; moving forward, a revised set of targets should be considered that:
  - Take full account of WMGC's role attracting capital, visitors, and major conferences and sporting events;

- Focuses more heavily on leading indicators, i.e. visibility and perception, and pipeline;
  - Introduces qualitative measures for landings, such as attracting research & development or projects that move the dial on net zero;
  - And, crucially, places WMGC's role in the wider regional context, e.g. joint targets on skills or to focus impact on particular places
- 2.7 Agreeing in principle that WMGC should continue to focus on activity of the scope and scale of B ATP will enable the Company to proceed with business planning while working with partners on a new set of targets. These would be brought to a future meeting of the Economic Growth Board later in 2022.
- 2.8 In addition, there may be scope for additional functions to transfer into (and out of) WMGC as discussions progress on LEP integration, in order to address key economic development priorities. For example, there is little activity on trade and exports currently delivered by the region. There is a growing need to ensure that we understand and have the means to enable our strategic employers to deliver their growth aspirations in the region, while ensuring that our regional economic development system recognises and delivers the specific needs and opportunities of each of our places and growth sectors.
- 2.9 With the capacity and capability now present in the business as a result of B ATP investment, the Growth Company is developing work on the following strands of activity:
- Strategic employer engagement, complementing and adding value to the vital relationships held by local authorities;
  - Export promotion and trade facilitation, building on the partnership established with the Department for International Trade to deliver B ATP and aligning it with the future business support landscape; and
  - Elements of cluster support related to the West Midlands Plan for Growth, particularly in sectors aligned with markets for inward investment.
- 2.10 The Growth Company would welcome feedback from the Economic Growth Board on these strands (and others). Thinking will also be developed further as part of the regional discussions on economic functions with a view to bringing further reports and propositions in due course.

### **3. Financial Implications**

- 3.1 There are no direct financial implications as a result of this report. Agreeing in principle will enable the Economic Growth Board's position to be taken into account as part of WMCA's budgeting process.

### **4. Legal Implications**

- 4.1 There are no legal implications as a result of this report. The Combined Authority already has a power of general competence which covers its activities on economic development and regeneration.

**5. Equalities implications**

- 5.1 There are no equalities implications.

**6. Inclusive Growth Implications**

- 6.1 “Smarter commissioning” of WMGC will enable the region to deliver greater impact against the Levelling Up Missions, which have inclusive growth and living standards at their heart.

**7. Geographical Area of Report’s Implications**

- 7.1 The report primarily covers the West Midlands Combined Authority area.

**8. Other Implications**

- 8.1 None.

**9. Schedule of Background Papers**

Appendix A – BATP Q4 2021/22 outputs



## 1. Context

### 1.1 The BATP ‘sales funnel’

The BATP is a complex, multi-faceted programme which, in essence seeks to:

- Stimulate interest within its target audiences in its key target markets.
- Capitalise on this interest by generating new business leads and converting these into new investment, conferences and events and visits.

We have identified a clear process or ‘sales funnel’ via which these objectives will be achieved:

1. **Outputs** - initial engagement with the programme’s target audiences of investors and associated intermediaries, conference organisers, sporting federations, travel trade professionals and leisure tourists in key target markets via marketing campaigns, media activity, events and sales missions – seeking to stimulate market interest and generate initial business leads.
2. **Outcomes** – (i) raising awareness of the UK’s and the region’s offer, promoting positive sentiment by communicating the key strengths which resonate with our target sectors and demographic groups and (ii) converting potential leads into opportunities and bids – where potential investors, conference and event organisers, travel trade professionals and sponsors articulate their requirements and we make a business case for the UK and the region.
3. **Impacts** – successful landing of investments, conferences, events and international and domestic visitors.

This process is illustrated in the diagram below.

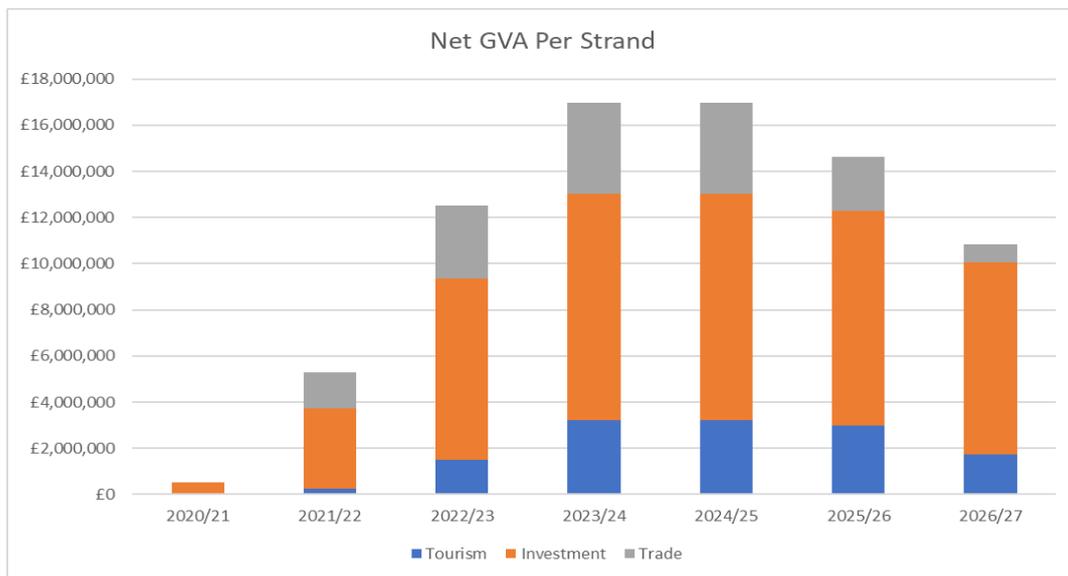
	<b>Work streams - inward investment, capital investment, MICE and sporting events, leisure tourism, UK House, exports</b>	<b>Indicative timeline</b>
Level 2 operational outputs - engaging with the market, creating interest and generating leads	Marketing campaign audience reach - website and social media traffic	From Autumn 2021
	Media campaign reach and market spread	
	Events, workshops, familiarisation visits and sales missions organised	
	Attendees attracted to events, workshops, familiarisation visits and sales missions	
	Leads generated via engagement with attendees	
Level 1 intermediate outcomes - changing perceptions and converting leads into opportunities	Perceptions shift achieved in terms of:	From Summer 2022
	Awareness of the UK and WM offer within key target audiences	
	Positive sentiment in relation to the UK and WM offer within key target audiences	
	Likelihood of recommending the UK and the WM to clients or actively investing or visiting	
level 1 final impacts - projects and deals landed, jobs and GVA generated	Leads converted into opportunities - potential investment projects, conferences or events or visits to the UK or the WM, export opportunities for WM firms	2023-2027
	Opportunities won - investment projects, conferences and events landed, export deals completed	
	Value of investment projects, export deals, visitor expenditure	
	Jobs created by investment projects	
	GVA generated by investment projects, conferences and events, domestic and overseas visitors attracted, export deals	

## 1.2 Timelines for benefits realisation

As lead times for much of the activity to move through the funnel are often quite considerable at FBC stage it was forecast that the benefits of the programme will continue to accrue well beyond the end of the Games. For example:

- FDI attraction activity often has long lead times – up to 5 years in some cases
- Exporters will typically take significant time to develop new markets.
- We expect to land conferences and events scheduled in 2023 and beyond
- We expect international leisure visitor numbers to grow from 2023 onwards

The timeline for benefits realisation, therefore, extends to 2027. The diagram below shows how headline net GVA generated by the programme was forecast to build momentum in 2021/22 and 2022/23, peak in 2023/24 and 2024/25 before starting to tail off in 2025/26 and 2026/27.



Source: BATA Full Business Case

## 1.3 2027 targets

The targets set for the programme at Full Business Case stage are set out below.

2027 targets	
Inward investment	141 projects landed in the UK of which 75 will be in the West Midlands, creating 925 jobs
Capital investment	18 projects landed creating 104 jobs
MICE and sporting events	11 MICE meetings and 8 sporting events generating a £2m economic impact
Sponsorship	12 sponsors secured generating £20m of income
Exports	900 businesses supported and £6.5m export deals generated
Leisure tourism	22,000 international visitors attracted to the UK generating £12m of economic impact. 39,000 domestic and international visitors to the West Midlands generating £18m of economic impact.
Marcomms	Enhance perceptions of the UK and the West Midlands. Achieve 1.3bn audience reach

Source: BATA Full Business Case

#### **1.4 How are we attributing outcomes and impacts to B ATP activity?**

Assessing the additionality of the programme – i.e. the inward and capital investment projects attracted and associated jobs created, MICE and sporting events landed, export deals generated, visitors attracted and associated expenditure and perceptions shift achieved which are directly attributable to the programme, as distinct from those which would have happened anyway – is a critical element of our evaluation strategy. This additionality is being evidenced in the following ways:

1. Analysis based on the CRM and other management information systems of WMGC, DIT and VB – which document the chain of events, meetings and discussions that led to these outcomes and impacts – and whether or not these were associated with the B ATP.
2. Where additionality cannot be assessed in this way we have commissioned primary research to fill the gap – for example:

To evidence the extent to which our marketing campaigns and media activity are helping shift perceptions of the UK and the West Midlands among our target audiences we are running three waves of perceptions research (a baseline wave has already been completed in 2021, to be followed by surveys in autumn 2022 and autumn 2023). This will track, for example:

- i. Changes in the proportion of key audiences with a good level of awareness, positive perceptions and which are actively considering the UK and/or West Midlands proposition.
- ii. The proportion that can recall seeing and being influenced by B ATP marketing and communications activity.

We are running two waves of regional visitor surveys (in summer/autumn 2022 and summer/autumn 2023) which will identify:

- People's motivations to visit – and the proportion that can recall seeing and being influenced by B ATP marketing and communications activity and The sources of information people utilise to plan their visit – and the proportion that use the digital visitor information platform and mobile visitor information pop ups being funded by the B ATP. This analysis will be combined with data on overall numbers of visitors to the region in 2022 and 2023 to estimate the number of visitors to the region, and associated expenditure we can attribute directly to the B ATP.
- Displacement - whether visits have taken place instead of ones to other parts of the UK or visits at other times of the year.

Survey work with attendees at UK House will provide key outcome data such as new FDI and capital investment leads generated, subsequent investment landings and the volume and value of new export deals generated by sector and country of origin.

## 2. Performance overview as at 31<sup>st</sup> March 2022

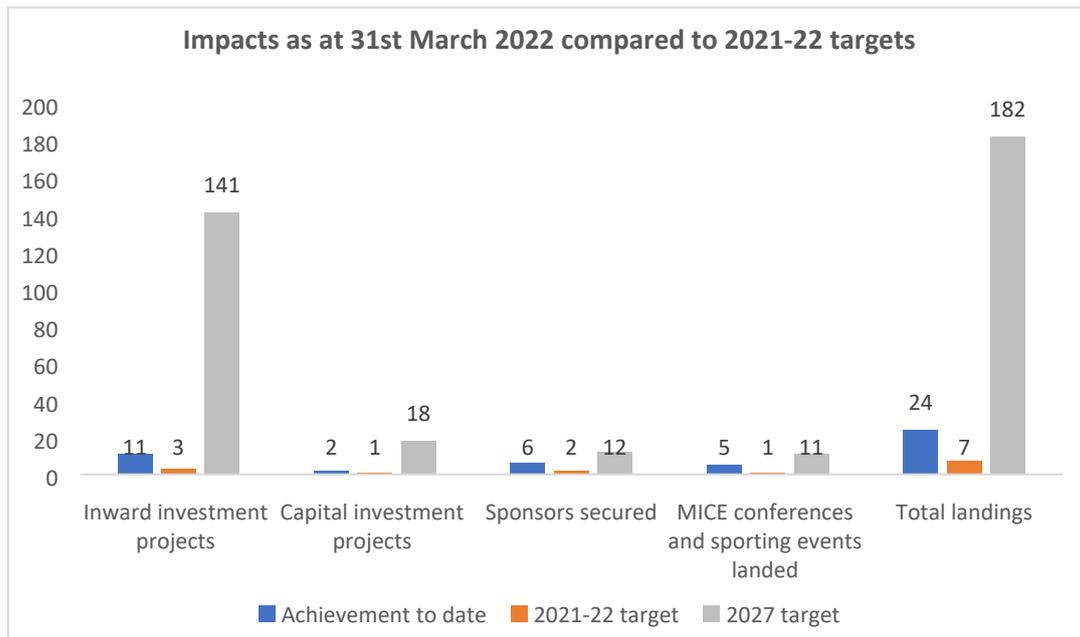
While as we reported in the previous update progress to 31<sup>st</sup> December 2021 was encouraging, with the programme delivering more than forecast at that stage by the Full Business Case (FBC), activity has ramped up significantly in the first quarter of 2022.

This has been underpinned by a successful mix of in-person and virtual events and sales missions including QBR activity in India, Australia and Singapore/Malaysia, a mission to Expo 2020 Dubai and a range of additional UK-based and overseas MICE and travel trade missions and events.

While this activity has supported a substantive up-tick in media coverage, social media posts and new website visits, by the end of March audience reach had increased exponentially to nearly 690 million.

All this has fuelled strong growth in our pipeline of leads and opportunities and a healthy crop of new landings. While we still have a significant way to go to realise all of the benefits of the programme (required by 2027 as per the FBC) at the end of March 2022:

- 11 inward investment projects had been landed, more than triple the target of 3 set in the Full Business Case for the end of 2021-22.
- 2 capital investment projects had been landed, double the FBC target for this stage in the programme (1).
- 5 MICE and sporting events had been landed, five times the target for this stage (1)
- 6 B ATP sponsors had been secured, three times the target (2)

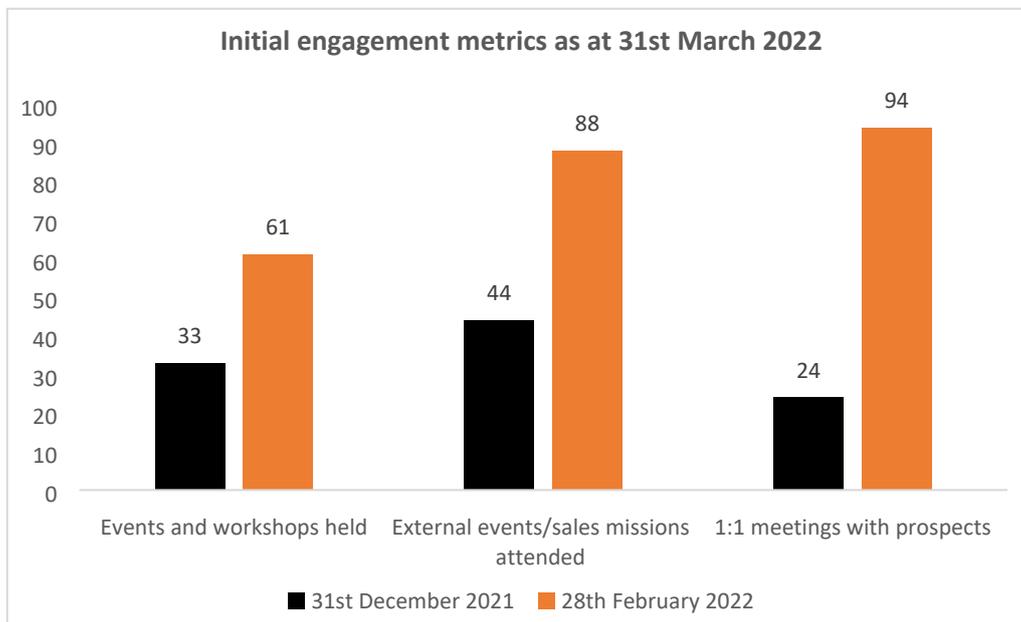


### 3. Outputs

Market activation activity was ramped up significantly over the period January-March 2022 with:

- QBR activity in India, Australia and Singapore/Malaysia focusing on our inward investment, capital investment and tourism offers
- A mission to Expo 2020 Dubai focusing on our capital investment offer
- Additional UK-based travel trade missions and events
- A MICE mission to the US to engage with the wider North American market

Over the period the number of both events and workshops held and events and sales missions attended doubled, while the number of 1:1 meetings with prospects nearly tripled.

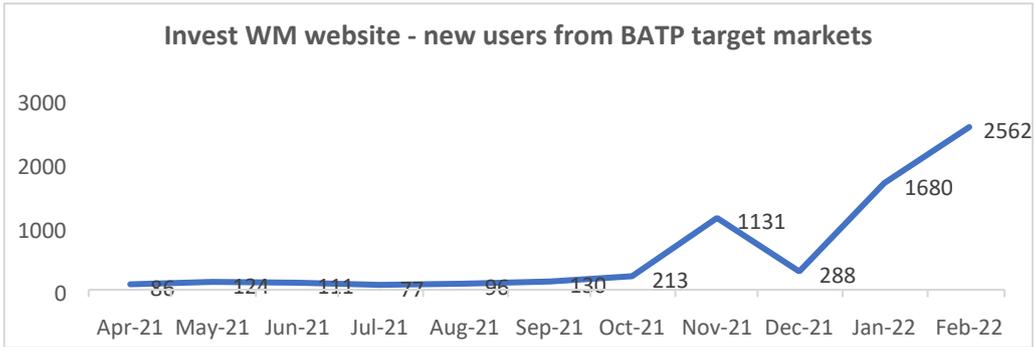


This activity has supported a substantive up-tick in media coverage, with a 75% increase in hits to nearly 800 and tripling in global reach to nearly 690m. Nearly 640 hits have been secured in primary BATP markets, which represents total 114% of the programme's three-year overall target.

Coverage includes some of the world's most prestigious and influential travel trade titles, including National Geographic Traveler, Conde Nast, Lonely Planet and a dedicated West Midlands feature in Spain's most widely read and internationally-recognised paid newspaper, El Pais.

The marketing team, meanwhile, has delivered tranches of social media linked to a wide range of relevant sectors and themes including proftech, gaming, the HQ economy, tech talent, quality of life, the global growth programme, innovation in life sciences and capital attraction. The team has achieved more social interactions (likes, comments, clicks) in Q1 2022 than in Q1-Q3 2021 combined.

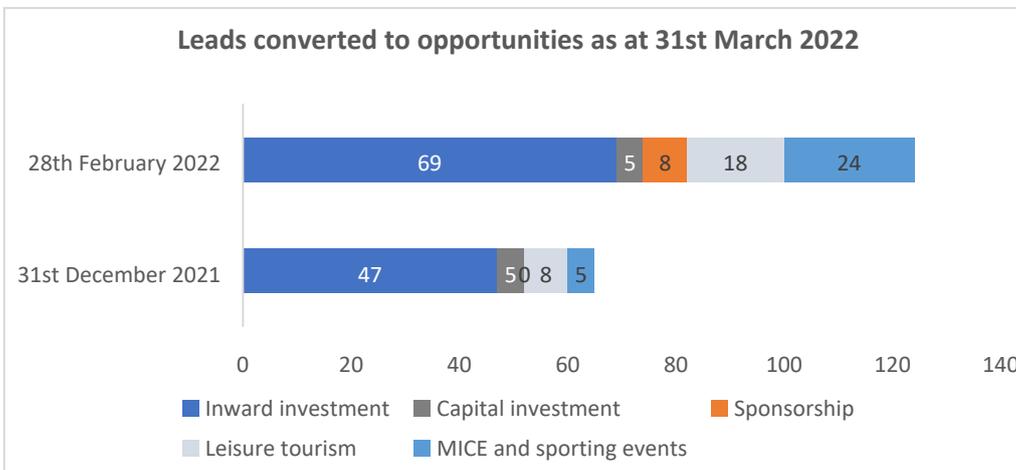
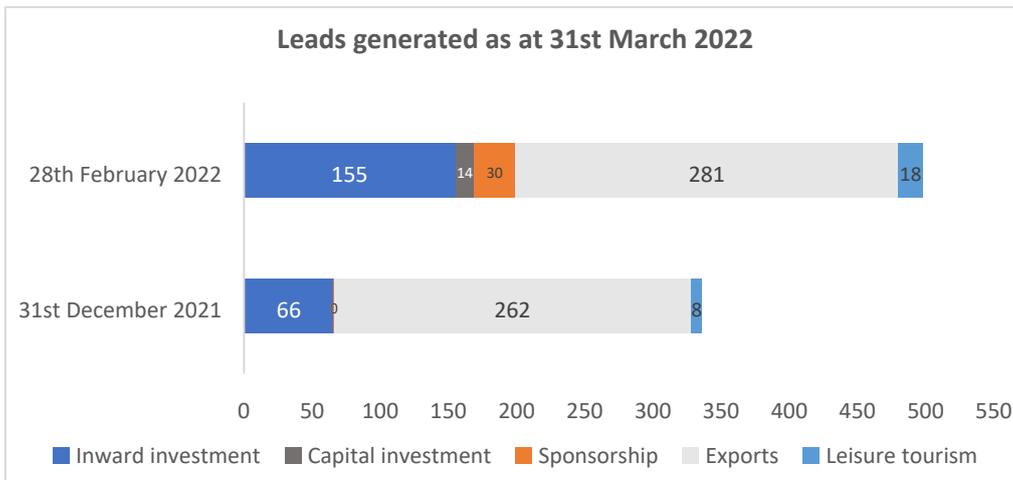
In Q1 2022 the Invest WM website, our primary 'window to the world', was an uplift in web traffic of nearly 80%, with the 5 key BATP markets comprising 46% of traffic which compares to just 5% in the last quarter of 2021.



#### 4. Outcomes

This market activation activity has fuelled a strong growth in our pipeline of leads and opportunities:

- Leads generated increased by nearly 50% from just under 340 at the end of 2021 to nearly 500 by end of March 2022. Leads in the inward investment and leisure tourism pipelines more than doubled.
- Leads converted to opportunities increased by more than 90% from 65 to 124. In inward investment there was increase of nearly 50% to just under 70 while the MICE and sporting events team achieved an almost four fold increase in leads converted to opportunities.

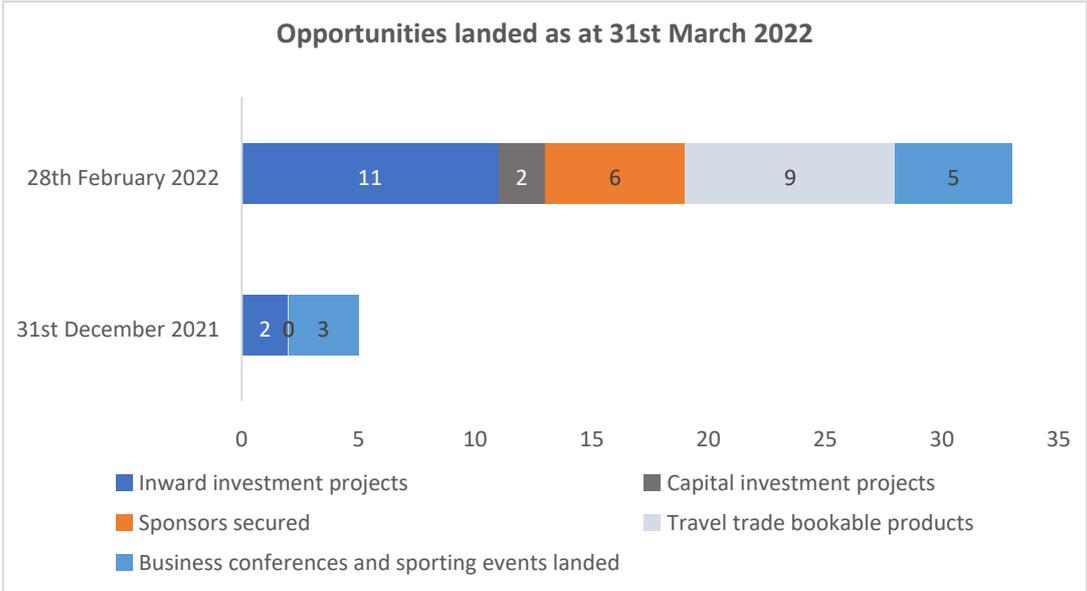


## 5. Impacts

This strong pipeline has also yielded a healthy crop of landings:

- Inward investment projects landed have risen more than five fold from 2 at the end of 2021 to 11 at the end of March 2022, with jobs created increasing from 24 to nearly 400. Projects from 4 of the 5 BATP target markets have now been landed (Australia, Canada, India and Singapore).
- Alongside 5 expansion projects in the manufacturing sector, which include investment by US-owned Mondelez in the re-shoring of chocolate production, including the iconic Cadbury Dairy Milk bar, to the Bournville site in Birmingham, key landings include the relaunch of the UK operations of US-owned airline Flybe at Birmingham Airport and the arrival of Hong Kong owned logistics and e-fulfilment firm Super Smart Service in Wolverhampton.
- While the process of landing capital investment tends to be particularly 'slow burn', the team has successfully attracted 2 projects in the first quarter of 2022. Steel Yard is setting up retail, hospitality and events space that brings together start ups and established independent businesses in two locations in the region – Birmingham and Wolverhampton.
- The MICE and sporting events team has added to its successes in Q4 2021 (the IWG World Congress women in sport event, British Kabbadi League hosting and Global E-sports Federation championships and conference) with the British Association for Cardiovascular Prevention and Rehabilitation (BACPR) conference and the DCMS Cyber Security Launch event.
- The sponsorship team has secured 6 sponsors – EON, Reckitt, Bruntwood, PwC, Gowling and University of Birmingham.
- The leisure tourism team has worked with 17 tourism businesses in the West Midlands (including key attractions such as Shakespeare's Birthplace, West Midlands Safari Park, the Barber Institute of Fine Arts, the National Sealife Centre, Legoland Discovery Centre, the Coffin Works and Blue Badge Tours) to help them develop 'bookable product' which is required for global travel trade companies to include them on their itineraries for group tours and travel.

While we still have a significant way to go to realise all of the benefits of the programme (required by 2027 as per the FBC) at the end of March 2022 the number of inward investment projects landed was more than triple the target set in the Full Business Case for the end of 2021-22. The number of capital investment projects landed was double the FBC target for this stage in the programme, MICE and sporting events landed were five times the target for this stage and the number of BATP sponsors secured was three times the target.



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## Economic Growth Board

<b>Date</b>	Friday 13 <sup>th</sup> May 2022
<b>Report title</b>	UK Shared Prosperity Fund (UKSPF): an update
<b>Portfolio Lead</b>	Councillor Ian Brookfield Portfolio Holder for Economy and Innovation
<b>Accountable Chief Executive</b>	Laura Shoaf, Chief Executive, WMCA
<b>Accountable Employee</b>	Dr. Julie Nugent, Executive Director for Economic Delivery, Skills and Communities, WMCA Dr. Fiona Aldridge, Head of Skills Insight, WMCA
<b>Report has been considered by</b>	LA CEX and FDs Directors of Economic Development WM Finance Directors (to consider Thursday 12 May)

### The Economic Growth Board is recommended to:

- i. Discuss and agree the proposed principles and approach set out in this paper to underpin the development of our approach to UKSPF
- ii. Note ongoing work to quantify demand and develop funding options for the investment plan.
- iii. Advise on whether there are existing groups that could be used to support the engagement and consultation process to inform the investment plan.
- iv. Note that these principles and our approach to UKSPF will be further considered by the Mayor and Met Leaders, the Regional Economic Directors Group, West Midlands LA Chief Executives and FDs, ahead of formal decisions by the WMCA Board in July.
- v. Agree that the commissioning and future performance management of UKSPF will be considered by the Economic Growth Board.
- vi. Note how UKSPF activity on the Supporting Local Business theme offers the potential to build upon the latest outputs from the West Midlands Business Support Review, led by LEPs in conjunction with partners.

### 1. Purpose

- 1.1 Following the publication of the UKSPF prospectus in April, the WMCA is now formally identified as the lead authority for the West Midlands 7 Met area, with responsibility for

developing an investment plan for the UKSPF, that will build pride in place and boost life chances across the CA area. This is an opportunity for the CA to work with local partners to develop a commissioning framework that enables strong locally focused delivery, through key partners, embracing the principles of double devolution, whilst maintaining efficient systems and recognising the CA's overall accountability for this fund.

- 1.2 The CA welcomes this opportunity to lead a strategic and joined-up approach to identifying investment priorities that will support our levelling up ambitions for the region. Whilst there are challenges about the level of funding available, we recognise that this is as an opportunity to do things better, where the region can set priorities rather than respond to nationally driven criteria. We are therefore keen to adopt a strategic and streamlined approach to the commissioning of provision, where we can better address local and regional priorities, avoid unhelpful bureaucracy, complement other funding streams, and add value to existing activities.
- 1.3 As the West Midlands continues its recovery from the economic shocks of Covid, the UK's exit from the EU single market and energy price spikes following Russia's invasion of Ukraine, there is a need for even further investment. With finite resources, however, there is a greater challenge to ensure that funds are allocated where they can have most impact for places, residents and businesses across the region. We are keen to work closely with local authority and other partners to determine the Investment Plan priorities that will best deliver this impact.
- 1.4 Government has stressed that overall investment in UKSPF is comparable with what was previously available through European Structural Funds. This includes direct investment in the £2.6bn for the UKSPF, as well as £1.6bn for the British Business Bank to invest in regional growth (with £400m earmarked for the Midlands), and funding for Multiply. We have requested further information on levels of investment, however, initial indications are that directly available funding appears reduced overall.
- 1.5 We are committed to continuing to work with central government and with local partners to identify and mitigate risks associated with the transition between EU funding and UKSPF. This is particularly pertinent given funding for 'people and skills' is not available until 2024/25, and that it appears UKSPF funding can not be used to support 16-18-year-old NEET provision. We are aware of a potential 'cliff edge' with the end of current EU funds and the start of UKSPF. This will impact on a number of projects and presents risks to local partners, including LAs and Universities, who have funded posts with this. Along with other MCAs, we are flagging these issues with government, nationally.
- 1.6 The WMCA's role as the lead authority will include overall accountability for the fund, including managing the allocation process, assessing and approving applications, processing payments, and day-to-day monitoring. Mayoral Combined Authorities can claim up to £40k to undertake initial preparatory work for the Fund and will also be able to use up to 4% of the allocation to support Fund administration.
- 1.7 This paper sets out the principles by which we intend to develop the investment plan, before it goes to the WMCA Board in July. We recommend that we bring the draft investment plan to the Economic Growth Board on 30 June.

## 2. Government's UK Shared Prosperity Fund

- 2.1 UKSPF is a central pillar of the UK Government's Levelling Up agenda. Its primary goal is to build pride in place and increase life chances across the UK, with 3 key investment priorities around:
- Community and Place
  - Supporting Local Business
  - People and Skills (including adult numeracy programme, Multiply)
- 2.2 There is no pre-determined split across these priorities, although activity for People and Skills is expected to be delivered through Multiply and/or existing ESIF funding, with no separate UKSPF activity available before 24/25.
- 2.3 Alongside the prospectus, government has also published a [menu of interventions and activities](#) that the region needs to select from. Places are encouraged to consider how these can be adapted to suit local characteristics and reflect the distinct opportunities and challenges that communities face.
- 2.4 UKSPF provides £2.6bn of new funding for local investment by March 2026. All areas of the UK have received an allocation via a funding formula for 2022-23, 23-24 and 2024-25, for both core UKSPF and for Multiply. The West Midlands' notional allocation is shown below – by programme, by financial year and by capital/revenue split. Any funds not spent within the financial year *must* be returned to HMT – they cannot be carried over to the subsequent years.

Core UKSPF allocation	Multiply	Total allocation
£88,408,357	£16,767,132	£105,175,489

Allocations by financial year			
	2022-23	2023-24	2024-25
<b>Core UKSPF</b>	£13,261,254	£23,870,256	£51,276,847
<b>Multiply</b>	£5,069,133	£5,848,999	£5,848,999

Allocations by capital/revenue split			
	Core UKSPF: revenue	Core UKSPF: capital	Multiply: revenue
2022-23	Max 90%	Min 10%	100%
2023-24	Max 87%	Min 13%	100%
2024-25	Max 80%	Min 20%	100%

- 2.5 There is no requirement to secure match funding in order to unlock local allocations, nor is it a factor in the assessment of investment plans. However, lead authorities are encouraged to consider where match funding from the private, public and third sectors can be used to maximise value for money and impact.
- 2.6 In order to demonstrate how MCA allocations have been calculated, indicative figures for each Local Authority have also been published. These are attached at Annex A. The guidance is clear that these are not 'allocations', and the investment plan should set out how resource will be allocated to address needs. However, we recognise the figures are a useful guide to ensure that the programme addresses local need.

- 2.7 In administering the Fund, WMCA are tasked with working with a local partnership group, that includes a diverse range of local and regional stakeholders, civil society organisations, and businesses or business representative groups. We are also required to convene an MP engagement group. **The Board is asked to advise on whether there are existing groups that could be used to support this process.**
- 2.8 In order to access UKSPF funding, the WMCA will need to complete an investment plan, setting out how we intend to use and deliver the funding, for sign off by UK government. Plans are to be submitted by 1 August 2022 and will therefore require approval by the CA Board in July. It is anticipated that plans will be approved from October 2022 onwards. Although the Fund can be used to support investment in interventions from 1 April 2022, this will be at risk prior to sign off.
- 2.9 A separate investment plan will need to be completed for Multiply (a template for which is yet to be issued). The deadline for local area investment plans is 30<sup>th</sup> June 2022, with delivery to commence from September 2022. Given the tight timescale, planning around the focus and procurement of this provision is underway, with support from the LA/LEP employment and skills officer group.

### 3. Principles and approach

- 3.1 In light of the extremely tight timescale for developing and approving our UKSPF investment plan, we have set out a number of principles to guide our approach. **The Board is asked to comment on and endorse these suggested principles:**
- 3.1.1 The plan will seek to identify and prioritise key areas for investment to deliver the most significant impact to the region's businesses and residents. **Each of the themes will reflect existing regional and local plans or evidence bases.** For example, for the '*Supporting Local Business*' theme, this would include the West Midlands Plan for Growth, Business Support Review (along with summary of past ESIF activity), Circular Economy Routemap, Digital Roadmap, #WM2041 and other local strategies, to support the region's path to net zero.
- 3.1.2 **UKSPF should be used to support those areas where there is limited or no investment elsewhere.** For example, we suggest that skills activity should be mainly funded through complementary sources such as the Adult Education Budget (£130m p.a.).
- 3.1.3 Feedback from local authorities has also recommended that, **where possible, we maximise leverage from funding** – for example, businesses supported should commit to wider employment and training outputs, to maximise benefits to communities.
- 3.1.4 **Local Authorities and other partners will play a key strategic role in developing the investment plan**, identifying key priorities and ensuring a fair funding distribution that delivers maximum impact for all. We are intending to adopt a collaborative and strategic approach which reflects the different needs and

opportunities across the functional economic area, recognising that businesses and people cross administrative boundaries to work and sell to markets.

- 3.1.5 The Investment Plan will include a profile of spend, recognising that full investment does not take place until 24/25.

### ***Proposed approach to allocations***

- 3.2 In light of the extremely tight timescale for developing and approving our investment, we have set out some initial proposals for discussion, to inform how we balance the demand for funding across the relative strands, interventions and geographies.

3.2.1 A significant proportion of funds will be used for the ‘supporting local businesses’ strand, in recognition that UKSPF is the main source of funding for this type of activity. Interventions will be determined by the outcomes of the business support review, and could include generic and specialist support for businesses, including support for innovation, decarbonisation, export, account management, business start-up and support for social enterprises. This is likely to be a combination of locally and regionally delivered activity.

3.2.2 Whilst further analysis is needed, based on previous analysis from LEPs and local authorities, we believe the equivalent of £31m p.a. (excluding match) has been invested across the six themes of the ERDF programme – which broadly equate to the ‘*Supporting Local Business*’ theme. With ERDF-funded activities running until 2023, there is not a direct comparison between the two funds, but it provides useful context to build upon the positions in the Business Support Review.

3.2.3 Funding for locally delivered employment support will also be prioritised, with a particular emphasis on provision that can better support the long-term unemployed and those who are economically inactive. However, this activity cannot be funded until 2024/25 which presents a risk to the region. We are currently working with local partners to identify the risks here. There is the potential to fund employment support provision delivered by the voluntary sector in advance of 2024, to protect local infrastructure. However, the guidance is clear that this does not extend to provision delivered through public sector organisations. Whilst further analysis is needed, based on previous analysis from LEPs and local authorities, we believe the equivalent of £17m p.a. of European funds have been invested in employment support with the majority on young people.

3.2.4 We recommend that we should allocate some funding for the ‘community and place’ strand, where the priorities would be determined by local authorities, in partnership with local stakeholders. This could either be:

- a proportionate share of the local figure (eg. 10%)
- a de minimus amount for each local area, varied by population
- the capital element of budget
- a combination of the above

There is also the potential to align this element with locally focused skills funding, to ensure a more substantial fund. These funds would be determined by LA priorities.

3.2.5 In recognition of the timescales associated with the ‘people and skills priority’, and of other skills budgets available across the region, we recommend that the majority of skills activity be delivered through other funds (and Multiply).

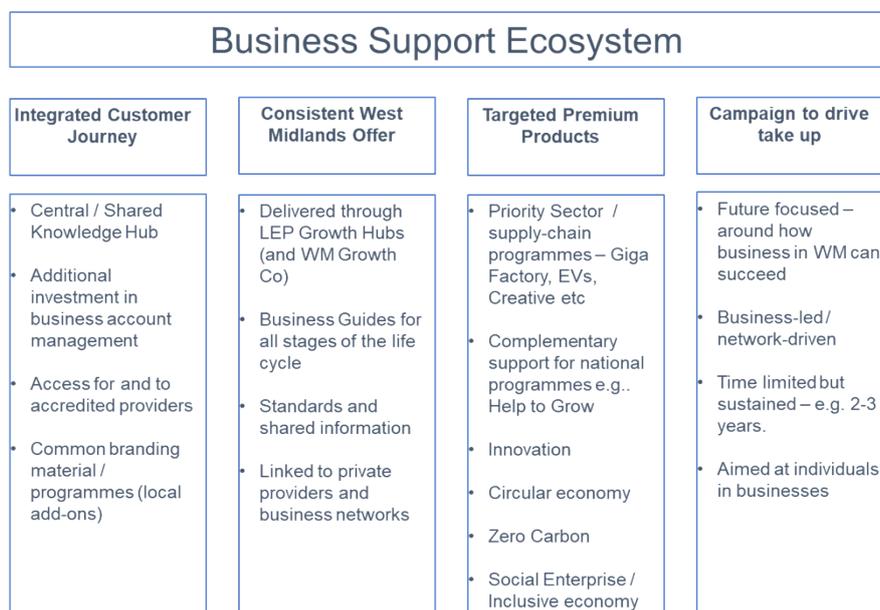
3.3 **The Board is asked to comment on this proposed approach, recognising that further work is needed to quantify financial splits across pillars and interventions and geographies.**

#### 4. Building upon West Midlands’ Business Support Review

4.1. Initiated by the SED Board and Council Leaders in 2021, the West Midlands Business Support Review saw partners work together to identify the ways in which the region’s business support system could learn from the lessons of how business support has been delivered – underpinned by predominantly European funding – to one which can be even more effective, agile, collaborative, impactful and fit for purpose for the new funding environment.

4.2. The WMCA Board (23 July 2021) and LEP Boards approved the first phase of the region’s business support review which set out four pillars for a future business support system:

- Put in place a modern customer journey, built around the user not the provider.
- Implement a new approach to account management, covering the largest firms, investors and SMEs, with the LEP Growth Hubs, local authority teams and the West Midlands Growth Company operating as a fully integrated support eco-system.
- Replace the current large number of schemes which were coming to an end with new premium products aimed at specific sectors, supply chains and issues, and delivered region-wide at scale.
- Carry out a campaign to drive up demand and usage.



- 4.3 Since then, the LEPs have led the second phase of the project to scope out practical delivery details related to those core pillars. This has been in conjunction with local authorities, universities and regional partners. With little information about the quantum or targeting of UKSPF until recently, it assumed that Core and Premium Products currently funded through ERDF will in the future be funded through UKSPF and/or other central funding routes such as UKRI, or national business programmes, etc. Whilst it is accepted that there will be less overall funding available, by focusing the Core Products around shared priorities and applying them region wide where possible, and focusing Premium Products on maximum impact across the region, the expectation is that overall service levels will be similar.
- 4.4 Proposals have been developed within a technical report (summary in Annex B) which builds upon a vision of:
- Businesses engaged via the **Campaign to drive take up**, would be engaged by **Account Managers** located in delivery organisations [potentially, Local Authorities, Growth Hubs, West Midlands Growth Company etc], and initially taken through a **Core Diagnostic** to capture the baseline information of the business.
  - The information gleaned from the business would be captured onto the respective CRM, and then automatically updated onto the **Shared Knowledge Hub** for access by stakeholders across the ecosystem.
  - Using the matrix of **Core Products** and **Premium Products**, the Account Manager would diagnose the appropriate product solution(s) to address the business' need and refer to the respective delivery partner, whether that be a Local Authority, University, Chamber of Commerce, national product, private sector provider etc. That partner would, if appropriate, be able to access the Knowledge Hub / CRM to access the background information.
  - In addition, the Account Manager would be able to offer **Business Guides** to the business to self-learn.
  - Following the intervention of a Core Product and / or Premium Product, the Account Manager would continue the **customer journey** with the client, monitoring the impact of the interventions and determining the opportunity and need for further interventions.

## 5. Next steps

- 5.1. We are currently developing a detailed project plan that will enable us to finalise our investment plan for further review by the Economic Growth Board, Mayor and Met Leaders, Local Authority Chief Executives and Finance Directors, and, ultimately, the July meeting of the WMCA Board.
- 5.2 We are scheduling a series of individual meetings with each Local Authority to discuss and agree the principles that will guide our approach, and to identify key investment priorities for each area. We are similarly reviewing evidence of current spend to ensure that we do not miss critical programmes funded through other key partners, e.g. universities.
- 5.3 We will then deliver a series of open webinars and other activities, to facilitate the engagement of a wider range of stakeholders, as well as using existing meetings and channels to engage with key partners.

### **3. Financial Implications**

- 3.1 Section 2 of the paper sets out the allocations that have been made available to WMCA for UKSPF and Multiply alongside some of the key financial principles and rules set out within the prospectus that will apply to WMCA as the accountable body for the fund.
- 3.2 As the detailed project plan and investment plan is developed the financial implications will continue to be worked through and incorporated into those documents.

### **4. Legal Implications**

- 4.1 There are no immediate legal implications arising from this report.

### **5. Equalities Implications**

- 5.1 There are no immediate equalities implications arising from this report.

### **6. Inclusive Growth Implications**

- 6.1 UKSPF is a central pillar of the UK Government's Levelling Up agenda, with a focus on community and place, supporting business, and people and skills. As such, UKSPF will be a key funding stream for supporting inclusive economic growth within the CA area.

### **7. Geographical Area of Report's Implications**

- 7.1 UKSPF funding covers the 7 Met area. Other Local Authorities in the West Midlands region receive a separate allocation. Working with other places is strongly encouraged where it meets the needs of their place, achieves better value for money, or better outcomes for local people or business.
- 7.2 In Combined Authority areas, lead authorities must engage with their constituent authorities and other local partners to ensure that the needs of places within their strategic geography can be effectively addressed.

### **8. Other implications**

- 8.1 None



**Annex A: How WMCA allocation has been calculated**

	<b>UKSPF Core</b>
Birmingham	£36,375,301
Coventry	£11,331,741
Dudley	£9,367,406
Sandwell	£9,817,228
Solihull	£5,310,432
Walsall	£8,374,365
Wolverhampton	£7,831,883
<b>WMCA</b>	<b>£88,408,357</b>

## Annex B: Summary of Business Support Review Technical Report

The eight **Key Recommendations** brought forward are as follows:

### 1 **Investment in Account Management**

Central to any future business support ecosystem. Recommended that Account Management is seen as 'structural' and protected from funding cycles and cuts. Scottish Enterprise (which covers a smaller economy than the West Midlands) has over 100 Account Managers compared to 20 between the three WM growth hubs. Account managed firms are 7% more productive (on average)

### 2 **Adoption of a Core Diagnostic**

To be used by all Account Managers. An aggregation of the BEIS compliant Growth Hub diagnostics, the WMGC diagnostic, and Local Authority initial data capture. Will ensure a consistent template for capturing all core data about the businesses engaged, and will form the basis for the central Knowledge Hub / CRM (see below).

### 3 **Knowledge Hub / CRM**

seed funding for piloting of both a “**Shared Knowledge Hub**” (sKH) and a “**Central CRM**” (cCRM).

### 4 **Database of Businesses**

This data would augment the core data acquired by the Account Managers using the Core Diagnostic, and would act as a “digital twin” for the business support ecosystem and contain links with credit ratings, track growth trajectory, facilitate innovation networks and contain information on programmes. This approach is tried and tested.

### 5 **Core Products**

Reprofiling the range of products that businesses across all localities in the West Midlands should be able to access. The core products will be sector agnostic, and most likely be aimed at a wider audience. Core Products would fall into eight 'themes':

- *Starting a business*
- *Achieving net zero and responding to climate change*
- *Addressing initial barriers to innovation*
- *Addressing initial barriers to business growth*
- *Internationalisation*
- *Skills and workforce development*
- *Health and wellbeing in the workplace*
- *Access to finance*

### 6 **Premium Products**

Thematic programmes which complement each other and support business growth across two main themes:

1. SME Competitiveness
2. Research and Innovation

Design, commission, monitor and evaluate Premium and Core Business support products using SPF funding. Premium Products would likely be aligned with the Plan for Growth as the catalyst for economic growth and wealth creation. Regional stakeholders would be commissioned to deliver these products as part of a competitive process.

**7 Business Guides**

The *production of Guides targeted at businesses* to help raise awareness of the consistent West Midlands offer and maximise take-up levels.

**8 Campaign to drive take-up**

a communications plan for businesses seeking support in the West Midlands. The methodology proposed for the campaign to drive take up is '**OASIS**';

- **Objective**
- **Audience**
- **Strategy**
- **Implementation**
- **Scoring**

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## Economic Growth Board

<b>Date</b>	Friday 13 <sup>th</sup> May 2022
<b>Report Title</b>	West Midlands Plan for Growth next steps
<b>Portfolio lead</b>	Economy and Innovation – Councillor Ian Brookfield
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Dr Julie Nugent, Director of Productivity and Skills Email: <a href="mailto:julie.nugent@wmca.org.uk">julie.nugent@wmca.org.uk</a>
<b>Report has been considered by</b>	

### Recommendations for action or decision:

### The Economic Growth Board is asked to:

- a) Note proposed steps to take forward the aims of the West Midlands Plan for Growth, previously agreed at the Board, including:
  - An update on how some of the Levelling Up White Paper announcements – including LEP integration, UKSPF, and the Innovation Accelerator – will be critical to taking forward Plan for Growth interventions.
  - Launching the plan at a stakeholder event in June, setting out the region’s broad plans for economic recovery with the Plan for Growth at its heart.

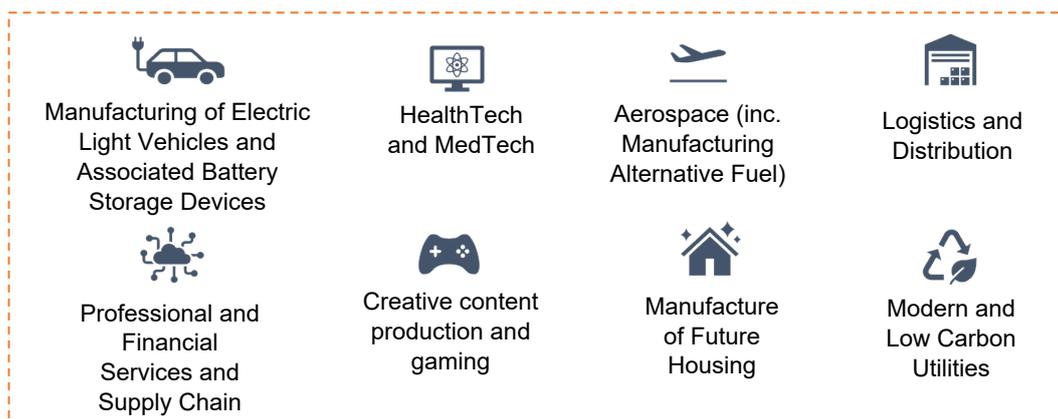
### 1 Purpose

- 1.1 Following the Economic Growth Board’s endorsement of the West Midlands Plan for Growth in February 2022, the report describes how those cluster opportunities will be taken forward through more active integration of the six cross-cutting interventions, to drive above-average growth in high value areas, creating good jobs for local people.
- 1.2 The Plan for Growth will help inform the future commissioning of UKSPF and the Growth Company, the brownfield development programme, Innovation Accelerator, future skills provision, and the Co-Invest Fund.
- 1.3 The region is also seeking further powers and resources through the trailblazing devolution deal (see item 5). The West Midlands Plan for Growth provides a lodestar to drive focus and alignment across existing and new powers to catalyse additional growth in the primary and nascent clusters.

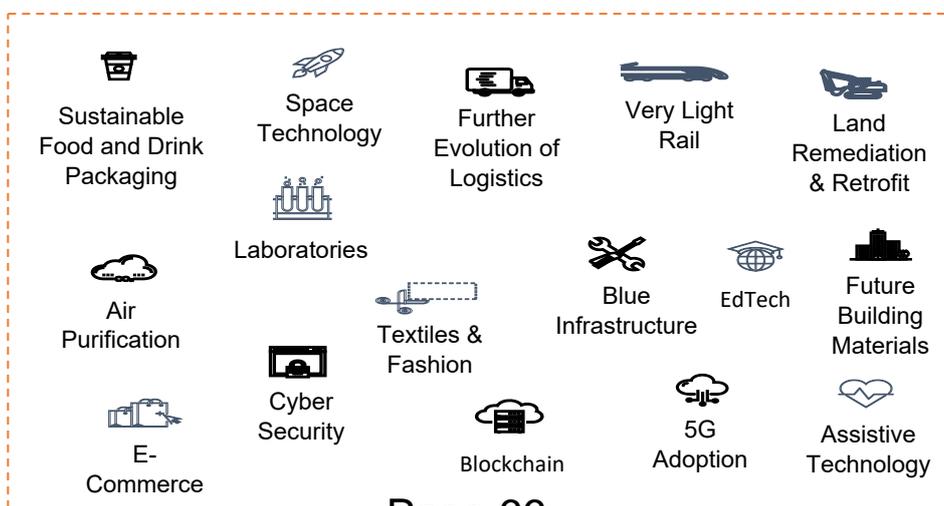
## 2 Background

### *West Midlands Plan for Growth*

- 2.1 In February the Economic Growth Board endorsed the findings of analysis about those economic clusters where the region can ignite above-forecast levels of growth in areas where the West Midlands has comparative advantage and market confidence. A summary of the findings can be viewed [here](#) (from 40:00). The Plan for Growth was also considered by the WMCA's Overview and Scrutiny Committee on 7 March when the committee felt that the plan focused on high-value growth areas and there was a need for the region to also consider how the economy can be made more productive, inclusive and fairer, with a more demonstrable effect on places across the region.
- 2.2 The Plan is designed to focus on those areas where there is potential for high-value growth – it is not a comprehensive regional economic strategy, and whilst interventions may benefit broader sectors (e.g. retail, hospitality), they are not the focus for this plan.
- 2.3 The eight primary clusters are:



- 2.4 In addition, the Plan for Growth identifies a series of nascent cluster and technologies where the West Midlands has some strengths and assets. These emerging markets have the potential for exponential growth, but are also higher risk and where there is a lower degree of comparative advantage.



- 2.5 Six key cross-cutting interventions can address the identified barriers to growth, and can relate to national, regional and local programmes. The key is the degree to which they can be aligned and flexed according to the specific needs/opportunities of relevant clusters. Potential new powers through the trailblazing devolution deal (see item 5) also offer a powerful way to catalyse addition growth. Each cluster does not necessarily relate to all the interventions:

<b>1. Develop future skills pathways</b>	Single pot intervention that brings together a specific view of required skills and provide funding linked to an attractive pathway for learners and links to employers and potential job opportunities once trained. Providers (e.g. FE colleges) would deliver for employees as well as individual learners.
<b>2. Target funding to anchor projects alongside private sector</b>	Competitive fund that works alongside the private sector on specific projects through rounds of available co-funding. A process allows WM to directly stimulate the specific projects according to a set of criteria aligned to the cluster priorities (but open to all firms)
<b>3. Land development fund</b>	Leveraging the UK Infrastructure Bank, develop a patient capital fund to invest in land projects for industrial and commercial purposes (or mixed development) where land assembly and infrastructure is required and payback periods are long. Would also support physical hubs for clusters where this is relevant
<b>4. Location coordination</b>	A team that co-ordinates the myriad local and national incentives and funding available as well as helping firms negotiate local and planning issues of locating to the WM. If there is a desire to anchor a particular firm, e.g. a non-UK firm, help with funding at local and UK level, planning etc
<b>5. Infrastructure and transport fund</b>	Establish a WMCA controlled fund that has sufficient scale to invest in large local interventions (e.g. light rail or bus rapid transport) and also support specific infrastructure (e.g. junction improvements) aimed at unlocking land development for manufacturing and other sectors
<b>6. Early growth fund</b>	Work with British Business Bank and Business Growth Fund to set up an early growth fund with an emphasis on the clusters where this is critical, and ensure the fund has flexibility on instruments and the expertise to invest.

*Aligning key interventions and commissioning to deliver growth and good jobs*

- 2.6 Mobilising the Plan for Growth means securing powers and investment across these interventions and then aligning and flexing their delivery to meet the needs and opportunities of each cluster. The clusters also result in different impacts across the region – for example, to decarbonisation, creation of new jobs, increase in productivity and value-add of existing jobs, etc.
- 2.7 The Economic Growth Board has previously endorsed the importance of more aligned interventions and investment to support green, inclusive economic growth. Discussions are ongoing about how existing funds (for example, for skills, brownfield development, Co-Invest) can support Plan for Growth priorities. In addition, we expect the future commissioning of UK Shared Prosperity Fund and the Growth Company to include a focus on these clusters. This will not exclude other clusters and sectors not covered by Plan for Growth and these commissioning decisions will be brought to Economic Growth Board for agreement in due course.
- 2.8 In addition, Levelling Up White Paper announcements – including LEP integration, the trailblazer devolution agreement and West Midlands Innovation Accelerator – will also be critical to catalysing activity on Plan for Growth clusters. For example, the

Innovation Accelerator (subject to another detailed report) provides the opportunity for the Innovation Board – which reports to the Economic Growth Board – to bolster applied and translational med-tech technologies, making the West Midlands the heart of the UK’s diagnostics industry, as well as developing the capacity and capability to secure further R&D investment, particularly into energy and clean technologies.

- 2.9 As part of the work on LEP integration, the WMCA is currently determining how cluster development is taken forward. In some areas, there are existing mechanisms and/or leads which we are keen to build on – e.g. Coventry City Council’s work on electrification of the automotive industry, Create Central and the Midland Aerospace Alliance. Recommendations on the other clusters will be brought back to a future EGB.

### *Setting out our vision for Plan for Growth to regional stakeholders*

- 2.10. The WMCA is planning a stakeholder-focused event in late June to champion how the Plan for Growth is being embedded into mainstream economic activity across the region. This will be led by the Mayor and the Portfolio Lead for Economy and Innovation and will highlight how major cross-cutting interventions – such as the commissioning of UKSPF and the Growth Company, the brownfield development programme, Innovation Accelerator, skills provision and the Co-Invest Fund – can all be flexed to meet the cluster growth opportunities.
- 2.11. The event will be for regional economic partners including local authorities, universities, employers, business representative groups, and relevant government agencies. It will highlight how the region is mobilising to secure economic recovery and growth.

## **3 Financial Implications**

- 3.1 There are no immediate financial implications arising from this report. The Plan for Growth emphasises the importance of aligned resources which may affect the focusing of established or future funds. These decisions will be taken through the arrangements for managing those funds.

## **4. Legal Implications**

- 4.1 There are no immediate legal implications arising from this report.

## **5. Equalities Implications**

- 5.1 There are no equalities implications arising from this report.

## **6. Inclusive Growth Implications**

- 6.1 The West Midlands Plan for Growth is designed to drive additional growth across the region in clusters related to good quality jobs.

## **7. Geographical Area of Report’s Implications**



7.1 The West Midlands Plan for Growth covers the 3 LEP area with hotspots of cluster activity right across the region. Interventions may focus on other geographies (e.g. the 7Met area) where funding/future commissioning responsibilities dictate.

**8. Other implications**

8.1 None



**West Midlands**  
Combined Authority



## Economic Growth Board

<b>Date</b>	Friday 13 <sup>th</sup> May 2022
<b>Report Title</b>	Economic Growth Board Work Programme
<b>Portfolio lead</b>	Economy and Innovation – Councillor Ian Brookfield
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Dr Julie Nugent, Director of Productivity and Skills Email: <a href="mailto:julie.nugent@wmca.org.uk">julie.nugent@wmca.org.uk</a>
<b>Report has been considered by</b>	

### Recommendations for action or decision:

#### The Economic Growth Board is asked to:

- a) Note the updated work programme attached at Appendix 1 which is a live document and will continue to be refined according to the economic situation, priorities and decisions required.

### 1 Purpose

- 1.1 For the Economic Growth Board to agree its work programme in support of the region's overall vision to build a healthier, happier, better connected and more prosperous West Midlands.

### 2 Background

- 2.1 Economic Growth Board (EGB) was established to strengthen democratic leadership, working with business. The Board's work programme is divided into four topic areas based on its terms of reference, plus standing items.
- 2.2 The work programme (Appendix 1) has been refined to take account of activity linked to the Levelling-Up White Paper, the timetables relating to the TDD, UKSPF, Innovation Deals, and the Directors of Economic Development Group will provide advice and shape its activities to reflect the priorities of constituent authorities.
- 2.3 The main amendments now relate to UKSPF and LEP integration updates and decisions.



### **3 Financial Implications**

3.1 There are no immediate financial implications arising from this report.

### **4. Legal Implications**

4.1 There are no immediate legal implications arising from this report

### **5. Equalities Implications**

5.1 There are no immediate equalities implications arising from this report.

### **6. Inclusive Growth Implications**

6.1 The work programme of EGB places inclusive economic growth at the heart of CA decision making.

### **7. Geographical Area of Report's Implications**

7.1 The Economic Growth Board's remit is for the 3 LEP area with all constituent and non-constituent authorities within that area. Subject to the individual items of work being considered by the EGB, work, policies and programmes might relate to either the 7-met WMCA area, or the wider economic footprint.

### **8. Other implications**

8.1 None.

Economic Growth Board – Updated Workplan May 2022

Other Key Dates:

10<sup>th</sup> June – WMCA Board: considering TDD and UKSPF submissions.

16<sup>th</sup> September – WMCA Board: approving final iteration of the TDD Proposition.

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	30 <sup>th</sup> June '22	23 <sup>rd</sup> September '22	2 <sup>nd</sup> December '22	15 <sup>th</sup> February '23
1. Oversight of regional economic strategies, plans, and their implementation, including influencing plans to attract government and commercial investment.	<p><b>Endorsement of the direction of economic elements of the Trailblazer Devolution Deal</b> submission - post 10<sup>th</sup> June CA Board. This will include an overview of economic funding streams available across the region and how they can be aligned to best effect.</p>	<p>Review <b>Commercial Land Strategy</b>, in line with West Midlands Plan for Growth priorities</p> <p><b>Agree response to the Race Equalities Taskforce</b> as it affects economic opportunity and outcomes</p> <p><b>Annual report of the Midlands Engine</b> for its benefits to the West Midlands</p> <p><b>Commonwealth Games 2022</b> economic impact</p>	<p>Agree response to <b>Life Chances Commission</b> as it affects economic opportunity and outcomes</p> <p>Agree the <b>West Midlands Town Centre Regeneration Delivery Strategy</b></p> <p>Impact of the <b>West Midlands Digital Roadmap</b> on the economy and leadership of the digital economy</p> <p>Receive update on the <b>West Midlands Plan for Growth</b> and how that aligns with the issues highlighted by the <b>Regional Productivity Forum report</b> about what's needed to increase productivity in a way that's inclusive</p>	<p>Agree scope of the <b>Business Taxation Commission &amp; Review</b></p> <p>Agree next steps on the <b>Circular Economy Routemap</b> after its first year</p>



	30 <sup>th</sup> June '22	23 <sup>rd</sup> September '22	2 <sup>nd</sup> December '22	15 <sup>th</sup> February '23
			Final <b>Create Central Business Plan 2023 - 33 and Financial Plan</b> signoff. Before CA Board final signoff in budget.	
2. Deliver inclusive economic growth through the West Midlands Jobs Plan, ensuring we link local communities to new jobs and opportunities.	<b>Direction on the West Midlands Jobs Plan</b> - regional activity to link new jobs and opportunities with local people, through training, support and other interventions.	<b>Decisions about devolved funding</b> – UKSPF Investment Plan and its alignment to places  <b>Agree Plan to address gaps in provision</b> in line with Employment Support Framework  <b>Agree skills provision</b> to support inward investment pipeline and Plan for Growth priorities	<b>Approach to Local Skills Improvement Plan:</b> To agree approach	
3. Oversee a coherent and complementary approach to business support across the region.	<b>LEP Integration Plan – agree ‘Direction of Travel’</b> as part of devolution deal.  <b>Agree direction and priority outcomes of West Midlands business support system, linked to UKSPF direction</b> following completion of business support review – inc	<b>LEP Integration Plan update</b>  <b>WMCA commissioning of WMGC</b>	<b>LEP Integration Plan Update</b>  <b>Agree to a region-wide campaign</b> to drive up business demand  Determine how decision-making over the <b>Co-Invest Fund aligns</b> with business support offer	



	30 <sup>th</sup> June '22	23 <sup>rd</sup> September '22	2 <sup>nd</sup> December '22	15 <sup>th</sup> February '23
	KAM, Skills, business advice, role of the WMGC. <b>Digital Economy</b> – how activity on digital roadmap reflects economic functions, Smart City Region proposal			
<b>4. Oversee the work of the Innovation Board and other relevant sub-Boards</b>	<b>Endorse plan for West Midlands Innovation Accelerator</b>	Receive report from <b>Cultural Leadership Board</b>  <b>Outcomes and evaluation from West Midlands Innovation Programme</b>	<b>Agree next steps from Commercial Green Energy Taskforce</b>  <b>Economic input to potential Energy Deal</b>	Endorse <b>Energy Capital Smart Local Energy System</b> activity and how this can be supported by business services
	<ul style="list-style-type: none"> <li>• Latest economic evidence (including qualitative issues from EIG and Regional Business Council), forecasts and key impact measures.</li> <li>• Annual reports from sub-boards:               <ul style="list-style-type: none"> <li>○ Create Central</li> <li>○ Innovation Board</li> <li>○ Energy Capital</li> <li>○ Tourism Board</li> <li>○ Cultural Leadership Board</li> </ul> </li> </ul>			

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