



Economic Growth Board

Date: Wednesday 15 February 2023

Time: 2.00 pm **Public meeting** Yes

Venue: Room 116, West Midlands Combined Authority, 16 Summer Lane, Birmingham, B19 3SD

Membership

Councillor Ian Brookfield (Chair)	Portfolio Lead for Economy & Innovation
Tom Westley (Vice-Chair)	Black Country Local Enterprise Partnership
Councillor Adrian Andrew	Walsall Metropolitan Borough Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor George Duggins	Coventry City Council
Councillor Peter Hughes	Sandwell Metropolitan Borough Council
Councillor David Stanley	Dudley Metropolitan Borough Council
Councillor Ian Ward	Birmingham City Council
Andy Street	Mayor of the West Midlands
Councillor Matthew Dormer	Non-Constituent Authorities
Councillor Bob Sleigh	Portfolio Lead for Finance & Investments
Lee Barron	Midlands Trades Union Congress
Stuart Croft	Higher Education Sector
Anita Bhalla	Greater Birmingham & Solihull Local Enterprise Partnership
Sarah Windrum	Coventry & Warwickshire Local Enterprise Partnership
Corin Crane	Coventry & Warwickshire Country Chamber of Commerce
Matthew Hammond	West Midlands Growth Company
Mike Wright	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:

Contact Wendy Slater, Senior Governance Services Officer
Telephone 07557 831344
Email wendy.slater@wmca.org.uk

AGENDA

No.	Item	Presenting	Pages
Items of Public Business			
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 December 2022	Chair	1 - 8
5.	West Midlands Plan for Growth a) Economic Conditions in the West Midlands b) Industrial Energy Taskforce Update c) Mobilisation of Plan for Growth d) Foundational economy	Paul Edwards / Delma Dwight/ Matthew Rhodes and Andrew Lovett	9 - 18
6.	Understanding and Addressing Labour Market Challenges	Dr Fiona Aldridge	19 - 26
7.	Presentation : LEP Integration	Dr Julie Nugent	Verbal Report
8.	West Midlands Growth Company Review	Tim Johnson	27 - 48
9.	Commonwealth Games Legacy Fund : Economy, Trade & Tourism Pillar	Dr Julie Nugent	49 - 58
10.	UK Shared Prosperity Fund Year 1 Spends - Local Allocations (Community & Place) and Business Support Update	Clare Hatton	59 - 76
11.	UK Shared Prosperity Fund - Business Support in the West Midlands	Paul Edwards	77 - 82
12.	Economic Growth Board Work Programme	Jonathan Skinner	83 - 88
Date of Next Meeting - To be advised			



West Midlands Combined Authority

Economic Growth Board

Friday 2 December 2022 at 10.00 am

Minutes

Present

Andy Street (Chair)

Lee Barron

Councillor Ian Courts

Corin Crane

Councillor Matthew Dormer

Matthew Hammond

Councillor Peter Hughes

Councillor Simon Phipps

Councillor Bob Sleigh

Councillor Ian Ward

Mike Wright

Mayor of the West Midlands

Midlands Trades Union Congress

Solihull Metropolitan Borough Council

Coventry & Warwickshire Chamber of
Commerce

Non-Constituent Authorities

West Midlands Growth Company

Sandwell Metropolitan Borough Council

Dudley Metropolitan Borough Council

Portfolio Lead for Finance & Investments

Birmingham City Council

West Midlands Innovation Board

In Attendance

Councillor Cathy Bayton

Overview & Scrutiny Committee

Item No.

21. Apologies for Absence

Apologies for absence were received from Councillor Adrian Andrew (Walsall), Anita Bhalla (Greater Birmingham & Solihull LEP), Councillor Ian Brookfield (Wolverhampton), Stuart Croft (Higher Education sector), (Councillor George Duggins (Coventry), Tom Westley (Black Country LEP) and Sarah Windrum (Coventry & Warwickshire LEP).

22. Appointment of Chair

In the absence of the Chair, the board agreed that Andy Street be appointed to chair this specific meeting.

23. Inquorate Meeting

The Chair noted that this was an inquorate meeting and therefore the recommendations agreed would be submitted to the WMCA Board on 16 December 2022 for approval.

24. Minutes - 23 September 2022

The minutes of the meeting held on 23 September 2022 were agreed as a correct record.

25. Economic Conditions in the West Midlands

The board considered a report from the Executive Director for Economic Delivery, Skills & Communities providing a summary of national economic policy developments, long-term economic forecasts for the West Midlands, the latest quantitative economic and regional labour market intelligence, a summary of energy costs, and recent feedback from West Midlands' businesses via the Regional Business Council and the Economic Impact Group.

Councillor Ian Ward stressed that a number of the region-wide statistics were likely to disguise particularly local level issues and it was important to ensure that these local areas of difficulty were not being hidden by more encouraging regional data. Corin Crane noted that this was particularly likely to be the case in respect of unemployment levels, where very localised interventions were likely to be most successful. The Executive Director for Economic Delivery, Skills & Communities reported that localised work with partners was being undertaken and she would bring a report to a future meeting of the board setting this out in more detail.

Recommended to the WMCA Board that:

The current economic conditions in the West Midlands, including insight from the region's businesses, be noted.

26. West Midlands Growth Company Review

The board considered a report from the Executive Director for Economic Delivery, Skills & Communities on the proposed terms of reference for the West Midlands Growth Company review and the status and phasing of this review.

The board commissioned a review of the West Midlands Growth Company at its last meeting. In commissioning the review, members had felt that whilst there was a clear need for the West Midlands Growth Company to exist, there was, simultaneously, a need to review its scope and scale and to develop a sustainable and affordable future funding model for these activities. It had also become apparent that the West Midlands Growth Company needed to secure £4m funds to remain as a going concern for 2023/24. The review would therefore also deal with responding to this short-term pressure.

Matthew Hammond considered this to be an opportune time to carry out a review of the functions, funding and structure of the West Midlands Growth Company to ensure that it was fit for purpose for future challenges. Mike Wright stressed the importance of undertaking a benchmarking exercise with comparable organisations, along with establishing a series of measurable key performance indicators that enabled funding authorities to measure its outputs by.

The Chair indicated that he was keen to ensure that local authorities signed off on the findings of the review. He expected final recommendations to be presented to the WMCA Board at its meeting on 10 February 2023.

Recommended to the WMCA Board that:

The approach to the review of the West Midlands Growth Company, including approving the terms of reference for the review and noting the status of activity and key milestones in early 2023, be endorsed.

[NB. Matthew Hammond and Councillor Ian Ward declared personal interests in this item due to them being board members of the West Midlands Growth Company.]

27. UK Shared Prosperity Fund - Business Support in the West Midlands

The board considered a report from the Executive Director for Economic Delivery, Skills & Communities on the proposed approaches to the local delivery of business support utilising the UK Shared Prosperity Fund and West Midlands-wide commissioned approaches.

Following approval by the WMCA Board of the UK Shared Prosperity Fund allocation, officers from the seven constituent authorities and the WMCA had been working to develop a coherent West Midlands approach to business support, with an initial focus on the UK Shared Prosperity Fund and designing it in such a way that it enabled engagement across a wide range of business support services in both the public and private sectors. As part of this work, at a regional level, there was a need to commission some activity that the task & finish working group recommend commencing in April 2023. In order for this to happen, the commissioning needed to start mobilisation in December 2022 and January 2023 (ie. before the next meeting of this board). The report set out those activities to begin the commissioning process, and the Executive Director for Economic Delivery, Skills & Communities undertook to circulate a list of the chairs and lead officers for these work areas.

Councillor Ian Ward noted that the division of the flat rate 4% administrative allocation to each constituent authority would result in Birmingham being disadvantaged comparable to its size. The Executive Director for Economic Delivery, Skills & Communities noted that this had been a decision of Finance Directors, but she undertook to report Birmingham's concerns back to their next meeting.

Councillor Simon Phipps noted the work being undertaken at pace to provide much needed business support. The Executive Director for Economic Delivery, Skills & Communities indicated that the need for business support had been flagged with the Government. She expected some funding flexibility during this financial year as it was proving difficult to get funding streams in place before 1 April 2023.

Recommended to the WMCA Board that:

- (1) The progress of the task & finish working group since the approval of the UK Shared Prosperity Fund business support funding by WMCA Board on 28 October in beginning the process of mobilising UK Shared Prosperity Fund funded business support activity from April 2023 be noted.

- (2) The proposed headline approach of local authorities in delivering local approaches to business support be approved, and the further development of West Midlands-wide programmes, with a view to commencing commissioning of these activities in Q4 2022 and Q1 2023, be agreed.
- (3) It be noted that commissioning responsibility was delegated by the WMCA Board to the Executive Director for Economic Delivery, Skills & Communities, in consultation with the s151 Monitoring Officer and in discussion with the Portfolio Lead for Economy & Innovation.

28. West Midlands Plan for Growth Update - including a focus on the Creative Content & Production Growth Cluster

The board considered a report of the Executive Director for Economic Delivery, Skills & Communities on an update on progress around the Plan for Growth, with a particular focus on cluster leadership, success measures and reporting, and how the Plan for Growth cluster-based activity would dock with the wider business support activity.

As part of the work on LEP integration, the recently appointed Head of Economic Development & Delivery was currently determining how interventions that drove cluster development were best taken forward. This built on and developed work undertaken by partners, including the Local Enterprise Partnerships, West Midlands Growth Company, the private sector and membership-led organisations. In working with clusters and, where appropriate, organisations that represented those clusters locally, the Head of Economic Development & Delivery was focusing on clear short-term success measures aimed at boosting the growth of the West Midlands economy. As part of this, he was developing a regular reporting structure focused on opportunities for cluster growth, risk analysis and quarterly action reporting.

The West Midlands Plan for Growth had access to finance and investment as a key cross-cutting intervention. Access to finance had been a concern across the wider economy in the West Midlands for some time, and to address this, the WMCA and its partners were seeking to create a forum to address issues within the market. The Chair noted the importance of access to finance within the Plan for Growth and requested a specific item on this at a future meeting of the board.

Ed Shedd and Suzie Norton from Create Central gave a presentation on the activity of the Creative Content & Production growth cluster, which was formed in late 2019 as a response to the comparative lack of a functioning creative content cluster as identified in a WMCA-commissioned report following the region's failed bid to host Channel 4's national HQ. As a cluster organisation model, Create Central had been hugely successful. Core funding from WMCA was currently around £100,000 per year to support the cluster, and in the last three years that initial investment had leveraged significant outcomes for the West Midlands economy. Work was now being undertaken by Create Central members to develop a commercial income model to secure the long term future of the cluster.

Recommended to the WMCA Board that:

- (1) Progress on the monitoring of the Plan for Growth, with the Creative Content & Production growth cluster (led by Create Central) as a proposed model for future reporting into the Economic Growth Board, be noted.
- (2) The opportunity for the West Midlands provided by the Government's changes to the Investment Zone programme be noted.

29. Trailblazer Devolution Deal Update & West Midlands International Strategy

The board considered a report of the Executive Director for Strategy, Integration & Net Zero on progress with the Trailblazer Devolution Deal, the latest timeline following the Government's Autumn Statement and the status of negotiations. The report also highlighted an associated opportunity to capitalise on potential for a West Midlands International Strategy.

Working in conjunction with partners and the political oversight arrangements put in place across the region, the WMCA continued to drive negotiations forward at pace, and the Department of Levelling Up Housing & Communities had recently confirmed its preferred timeline and process to conclude the deal. The Secretary of State for Levelling Up, Housing & Communities was prioritising a growth-focused set of policy areas for the Trailblazer Devolution Deal focussed around housing, transport, skills, fiscal devolution and funding simplification, net zero and retrofit, and international trade.

With international trade a priority of ministers and partners within the region, there was an opportunity to capitalise on the direction of discussions on the region's trade, tourism and investment ambitions to rewire the existing relationship between Whitehall and the West Midlands across these key functions in order to secure more foreign direct investment, exports and major international conferences and events. Shehzad Chaudhry, Department for International Trade, stressed the value to the Government of working closely with the WMCA and the West Midlands Growth Company on international strategy. In respect of working with small businesses, he indicated that the Department for International Trade was seeking to build the expertise within this sector to enable it to grow into international markets.

Recommended to the WMCA Board that:

- (1) The progress made to date and the revised commitment and timeline arising from the Government's Autumn Budget Statement be noted.
- (2) The development of a West Midlands International Strategy be agreed, with the West Midlands Growth Company to develop the strategy in partnership with local and national stakeholders.

30. West Midlands Innovation Accelerator

The board considered a report of the Executive Director for Economic Delivery, Skills & Communities seeking endorsement of the progress made on the £33m West Midlands Innovation Accelerator, announced in the Levelling-Up White Paper and being co-designed with Innovate UK.

The aim of the West Midlands Innovation Accelerator was to accelerate growth of clusters of excellence in health/medical technologies and cleantech, and to increase commercial benefits of cross-sectoral innovation capacity and capability. The Innovation Accelerator programme was overseen by the Innovation Board, which itself reported into this board.

Councillor Ian Courts noted that Solihull was not listed as an area of high concentration of health/medical technologies, which he considered a mistake. He also drew attention to the importance of demonstrating the innovation linked to HS2 construction within the region. Mike Wright highlighted the benefit of there being a single narrative that the region could use to demonstrate its innovation opportunities. The Executive Director for Economic Delivery, Skills & Communities confirmed that work was currently being undertaken on a narrative and this would be submitted to a future meeting of the board.

Recommended to the WMCA Board that:

- (1) The status of the West Midlands Innovation Accelerator project selection, following the deadline for final project proposals and ahead of the project selection process, be noted.
- (2) The final details on the project selection decision-making, consistent with the criteria agreed by the Economic Growth Board on 23 September 2022, be endorsed.
- (3) The steps to exploit the wider strategic power of the Innovation Accelerator, including connections with business support, skills, inward investment and land development, be agreed.

31. Economic Growth Board Work Programme

The board considered a report of the Executive Director for Economic Delivery, Skills & Communities on updates to the board's future work programme.

Recommended to the WMCA Board that:

The updated work programme was noted.

32. Exclusion of the Press and Public

Recommended to the WMCA Board that:

In accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it was likely to involve the disclosure of exempt information as specified in paragraph 2 of the Act.

33. LEP Integration Update

The board considered a report of the Executive Director for Economic Delivery, Skills & Communities on progress in developing the LEP Integration Plan ahead of its submission to the Department of Business, Energy & Industrial Strategy early next year.

On 31 March, the departments for Levelling Up, Housing & Communities and Business, Energy & Industrial Strategy issued a joint letter and accompanying guidance to the chairs of the LEPs in England and to the mayors of combined authorities setting out their proposals for the roles and functions of LEPs to be integrated into local democratic institutions. The Government's intention was that specific functions of the three LEPs in the West Midlands were integrated into the WMCA, which would receive the 'core' funding made available to LEPs and their Growth Hubs from 1 April 2023 to ensure the discharge of key functions. The report set out the latest position in respect of this transitional work.

The Executive Director for Economic Delivery, Skills & Communities stressed that the immediate priority was to address the implications for staff affected by these changes, along with ensuring that the WMCA did not take on additional functional responsibilities without funding being provided for this. Further detailed information was expected to be provided to LEPs early next week, which should address many of the concerns currently being expressed.

Recommended to the WMCA Board that:

- (1) Progress in developing the LEP Integration Plan ahead of submission to the Department of Business, Energy & Industrial Strategy by 27 January 2023 be noted.
- (2) It be noted that the report had been prepared in advance of the receipt of written legal guidance, and was therefore presented subject to that guidance and without prejudice.
- (3) Progress against the following key areas be noted:
 - Embedding a strong, independent and diverse local business voice;
 - Transfer of key functions and the potential TUPE implications thereof;
 - Key risks.
- (4) Authority be delegated to the Executive Director of Economic Delivery, Skills & Communities to develop the formal plan ahead of submission to the WMCA Board on 13 January 2023.

34. Date of Next Meeting

Friday 27 January 2023 at 10.00am.

The meeting ended at 12.00 pm.



Date	Wednesday 15 th February 2023
Report Title	West Midlands Plan for Growth - economic conditions and interventions to maximise growth and increase resilience
Portfolio lead	Councillor Ian Brookfield, Leader of City of Wolverhampton Council WMCA portfolio lead for Economy and Innovation
Accountable Chief Executive	Laura Shoaf - Chief Executive, WMCA Email: laura.shoaf@wmca.org.uk
Accountable Employee	Dr Julie Nugent, Executive Director - Economic Delivery, Skills and Communities Email: julie.nugent@wmca.org.uk
Report has been considered by	Directors of Economic Development

Recommendations

Economic Growth Board is recommended to:

- note the latest update on economic conditions in the West Midlands and that the most recent regional GDP figures are due to be published on Thursday 9 February 2023 with an update to follow
- note and agree the wider mobilisation of Plan for Growth to support the medium-term growth strategy of the region
- note the most recent position on industrial energy and proposed interventions to support our most energy intensive businesses
- receive an update from the Hospitality and Tourism Advisory Board on the current state of the sector and planned activities to support the resilience of that sector

1 Purpose of Report

- 1.1 The purpose of this report is to provide an update to Economic Growth Board on the most recent economic conditions and interventions that WMCA and partners are making to address those conditions to increase business resilience and growth across the region.
- 1.2 Given the immediacy of challenges posed by energy costs, particularly on energy intensive businesses, and a number of challenges facing the hospitality and tourism sector, there is a particular focus on these parts of the economy through this report.

2. Economic Conditions

- 2.1 This element of the Plan for Growth report provides a snapshot of the West Midlands economic conditions. The latest ONS regional economic data will be published on 9 February 2023, therefore the West Midlands Economic Dashboard will be published

after the publication of this report but before the Economic Growth Board meeting on 15 February 2023. A summary addendum will follow this report.

WM Redi Monitor

- 2.2 The West Midlands Regional Economic Development Institute (WM REDI) produces a bi-weekly monitor which pulls together information across regional partners and beyond. Some key highlights from the latest monitor¹ include:

Productivity in the West Midlands: In the West Midlands region, labour productivity was 11% below the UK in 2019, and 33% lower than the most productive region (London). If the West Midlands had the same industrial structure as GB (but retained its average productivity for each industry) it would have an 11-percentage point gap in productivity with the GB average (firm productivity index). In contrast, if it retained its industrial structure but each industry had the same productivity as GB the productivity gap would only be 1 percentage point – pointing to productivity issues but a strong industrial structure. In the West Midlands the industry mix effect is positive (+3-percentage points) but not large enough to offset the firm productivity effect (-11-percentage points).

Economic Impact Group

- 2.3 Economic Impact Group meets every two weeks to address issues of concern to the economy of the region. In recent weeks, it has collated feedback and information on several issues, which are having a direct impact on the West Midlands economy:

West Midlands Industrial Energy Taskforce: Members have received several updates from the West Midlands Industrial Energy Taskforce (WM IETF). The first update surrounded the work of the taskforce in terms of gathering evidence, an overview of immediate support available, lobbying activity and emerging recommendations of the taskforce. More recently, the WM IETF attended EIG to provide an overview of the industrial energy market in the UK, what the new Energy Bill Discount Scheme meant for businesses in the West Midlands and how it compared internationally.

HM Government Business Priorities for 2023: Members welcomed David Bickerton, Director General for Business Sectors at the Department for Business, Energy and Industrial Strategy to EIG to hear about the Government's business priorities for 2023. David referred to the various sub-sectors of advanced manufacturing such as automotive and aerospace, as well as full utilisation of the Made Smarter programme, which delivers to great effect in the West Midlands, to support energy intensive industries.

West Midlands Regional Business Council

- 2.4 The West Midlands Regional Business Council (WM RBC) met on the 19 January 2023 to discuss a number of key topics for businesses in the West Midlands. Members received an item on the energy market. The first element provided an explanation for the spikes in energy costs in December 2022 and the second element provided a

¹ Latest edition found here: <https://blog.bham.ac.uk/cityredi/category/west-midlands-weekly-economic-impact-monitor/>



forecast for energy costs in January 2023. The item concluded on how the newly announced Energy Bill Discount Scheme would work, compared to current energy support schemes.

- 2.5 RBC was provided with an in-depth summary of industrial action by sector and some of the subsequent impact on regional businesses. This was followed by a discussion on mitigations that had taken place across RBC members. The concluding item of the meeting covered the impact inflation was having on businesses, along with forecasts for the coming year. The update covered the key drivers for inflation, recent trends and outlook for inflation and implications for businesses in the region.

Energy costs

- 2.6 Wholesale industrial and commercial energy prices have eased at the start of 2023 from the peaks of last autumn, although they remain two to four times higher than 2020-21. Price volatility is the most damaging aspect for many West Midlands businesses.



Industrial energy price pressures have eased but remain very volatile and at levels 2-4 x higher than pre-crisis.



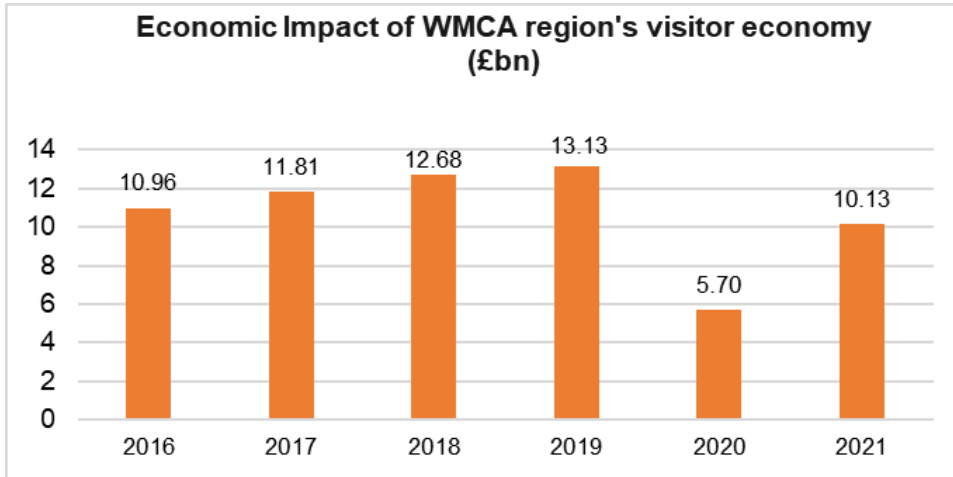
- 2.7 The new Energy Bill Discount Scheme (EBDS) announced in January reduces support for most businesses from 34.5p per kWh to 1.9p per kWh for electricity (and similar cuts to support for gas) from the end of March. This means that many companies that locked into fixed tariffs at the wrong time last year will face continued stress throughout 2023. There is already some evidence of increased insolvencies in the West Midlands as a result.

Hospitality and Visitor Economy

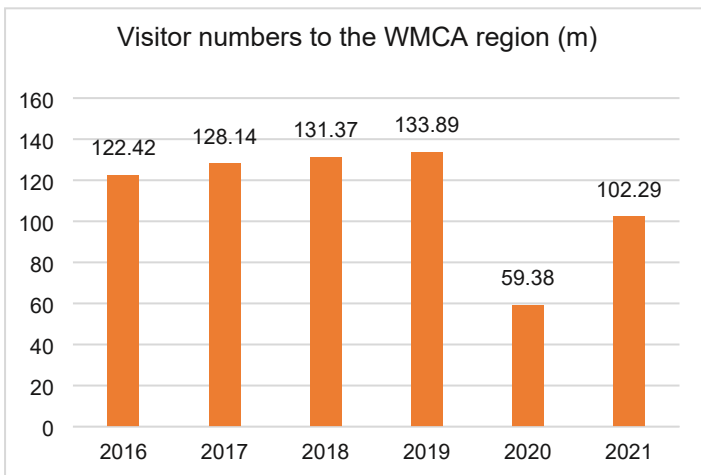
- 2.8 Due to the coronavirus pandemic, the West Midlands saw a 56% drop in visitor numbers to 59.4 million in 2020, with spend falling from £13.1bn to £5.7bn. The first half of 2021 saw a resurgence in leisure visitor activity, predominantly domestic, and with corporate, conferencing and events slower to return, the first business back was rescheduled events, with much shorter lead times becoming the norm. As hybrid



events were required, initial strong upturn was seen in venues which provided high quality AV and live streaming.



2.9 The Combined Authority (WMCA) region’s visitor economy was worth £10.13 billion in 2021, up 78% on 2020, despite visitor numbers influenced by social contact restrictions at the start of the year. The region attracted more than 102 million visitors in 2021 which represents a 72.3% increase over the previous 12 months.



Coventry performed exceptionally well owing to their focus on UK City of Culture delivery.

% Change Comparison 2020-2021	Coventry	WMCA region
Visitor Numbers	103%	72%
Economic Impact	115%	78%
Total Employment	95%	66%



2.10 Further analysis shows that the accommodation sector (including serviced and non-serviced accommodation) has experienced the highest growth – up by 95% across the region compared with 2020.

3. Mobilisation of Plan for Growth

3.1 The West Midlands Plan for Growth takes a twin-track approach to securing new economic growth in the West Midlands economy by:

- Capitalising on **existing clusters of scale and strength** where the West Midlands has UK and global competitive advantage, clear market confidence, and credible opportunity for additional growth in high-value employment over the next 2-5 years. This is forecast to generate approximately £2.9 - £3.2bn additional output by 2030 and up to 44,800 additional jobs.
- **Supporting nascent clusters and emerging technologies** that might spur additional growth of around £900m over the next 5-10 years and up to 15,000 additional jobs.

3.2 As EGB members are aware, the Plan will be used to:

- Inform and challenge where we prioritise resources already devolved to the region and, when necessary, seek further resources. This does not just relate to WMCA programmes, but those in local authorities, the West Midlands Growth Company (WMGC), and universities.
- Inform the region's economic narrative about the next decade focused on a proactive medium-term plan to support market-led growth.

3.3 An example of this is in the potential use of the Commonwealth Games Legacy Fund, in which the Plan for Growth can be used as a touchstone for potential funding to accelerate growth through a regional High Growth Accelerator Programme and Advanced Manufacturing Supply Chain Programme (with a focus on relevant clusters). Both are important to the medium-term growth of the region, as part of a wider suite of interventions, but are, currently, unfunded.

3.4 To demonstrate commitment to mobilisation of Plan for Growth, WMCA has committed additional staff resource of c. £250,000 per annum to design, unlock and deliver interventions that drive the high growth potential of the region. This resource will form part of a Plan for Growth Delivery Unit within the WMCA, which will flex additional staff resource in the short-term to focus on cross-cutting activity (for example, in employment land, skills or location identification) to focus on future high growth opportunities.

3.5 This Unit will work closely with partners across the region including cluster bodies, universities, local authorities and the private sector to focus clearly on growth with the vast majority of delivery activity sitting with local partners.

4. Industrial Energy



- 4.1 The West Midlands Industrial Energy Taskforce, established by the Mayor and Energy Minister last autumn, continues to meet bi-monthly and is aiming to produce a final report and recommendations by June.
- 4.2 1.4% of West Midlands businesses account for over 50% of non-domestic energy use and are particularly exposed to the current crisis. These companies also account for over 60% of manufacturing jobs and support critical national supply chains.
- 4.3 Ahead of its main report, the Taskforce is publishing monthly surveys of energy tariffs paid by West Midlands businesses (in partnership with the Chambers for Q1 2023); and is lobbying BEIS for immediate support in energy efficiency investments, particularly for the energy-intensive manufacturing firms.
- 4.4 The lobbying has so far been successful in securing enhanced EBDS support for energy- and trade-intensive firms (8.9p/kWh rather than 1.9p/kWh). However, there is some way to go. The Taskforce is working closely with WMCA officers to ensure industrial decarbonisation elements of the proposed devolution deal support industrial energy efficiency, and an immediate £15M package of measures is under active discussion with BEIS.
- 4.5 The recommendations of the Taskforce will come to a future Economic Growth Board with its Chair, Matthew Rhodes, providing a verbal update on emerging recommendations in this meeting.

5. Hospitality and Tourism

- 5.1 Plan for Growth focuses on the high value parts of the economy that will drive future productivity and growth for the benefit of residents of the West Midlands. However, that does not mean that more “foundational” parts of our economy should be neglected.
- 5.2 As highlighted above, the global pandemic had a huge impact on the region’s tourism and hospitality sector. Visitor numbers dropped 56% from 2019 to 2020 to just 59.4m. Spend fell in the same period from £13.1bn to £5.7bn. As the economy opened up, the visitor economy started to rebound to a £10.3bn value in 2021. Pre-pandemic, the sector employed over 137,000 full time equivalent roles.
- 5.3 Post pandemic, challenges for the sector remain. The cost of energy, staffing costs, recruitment and retention are key challenges. Additionally, the domestic cost of living crisis will impact on the spend in the sector. Despite these challenges, there are opportunities, which include a favourable exchange rate for international inbound visitors and the on-going halo effect of the region’s large high-profile events (City of Culture and the Commonwealth Games).
- 5.4 The Hospitality and Tourism Advisory Board has been established to represent and speak on behalf of the tourism and hospitality sector in the West Midlands to begin to address some of these challenges. It will be chaired by Andrew Lovett of the Black Country Living Museum and will meet for the first time in early March 2023. The Advisory Board’s membership along with further detail on the challenges and opportunities for the sector is contained within Appendix 1.



- 5.5 Andrew will attend this meeting of the Economic Growth Board and provide a verbal update on the proposed work of the Advisory Board.

6 Financial Implications

- 6.1 Whilst the Plan for Growth has the potential to deliver interventions that may require financial commitments in the future, there are no direct financial implications, beyond those already made by the WMCA as highlighted in paragraph 3.4, as a result of the recommendations within this report.

7 Legal Implications

- 7.1 Although there are no immediate legal implications arising from this report, it is acknowledged in the report that the mobilisation of the Plan for Growth may mean securing new powers and investments for the interventions specified. Legal advice will, therefore, be sought at the appropriate stages in the development and implementation of the Plan for Growth

8 Equalities Implications

- 8.1 There are no direct equalities implications.

9 Inclusive Growth Implications

- 9.1 There are no immediate inclusive growth implications arising from this report but individual strategies and delivery schemes are expected to respond to local area, and local stakeholder, needs to ensure that projects arising benefit local residents, including harder to reach groups

10 Geographical Area of Report's Implications

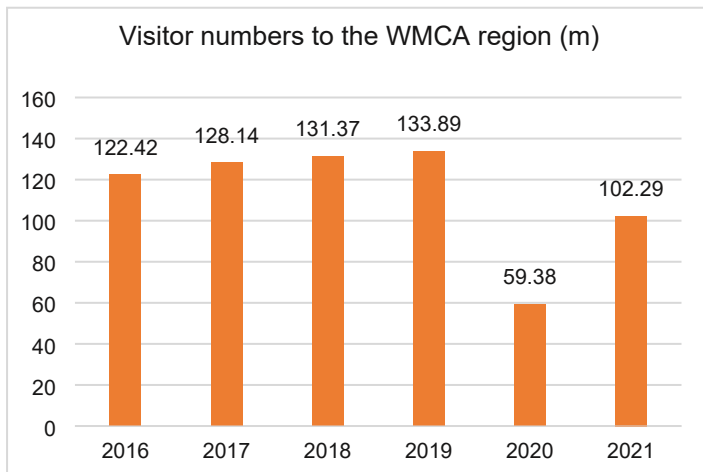
- 10.1 The report relates to the WMCA seven Met area.

Appendix 1

State of the visitor economy sector

Due to the coronavirus pandemic, the West Midlands saw a 56% drop in visitor numbers to 59.4 million in 2020, with spend falling from £13.1bn to £5.7bn. The first half of 2021 saw a resurgence in leisure visitor activity, predominantly domestic, and with corporate, conferencing and events slower to return, the first business back was rescheduled events, with much shorter lead times becoming the norm. As hybrid events were required, initial strong upturn was seen in venues which provided high quality AV and live streaming.

The Combined Authority (WMCA) region’s visitor economy was worth £10.13 billion in 2021, up 78% on 2020, despite visitor numbers influenced by social contact restrictions at the start of the year. The region attracted more than 102 million visitors in 2021 which represents a 72.3% increase over the previous 12 months.



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Visitor Numbers	103%	72%
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Further analysis shows that the accommodation sector (including serviced and non-serviced accommodation) has experienced the highest growth – up by 95% across the region compared with 2020.

The number of full-time equivalent jobs supported by direct and indirect tourism activities rose by 10% between 2016 and 2019, from 124,712 to 137,458. Year-on-year comparison shows that the number of full-time equivalent jobs was up by 66% in 2021 compared with the previous year.

The 2022 focus on the region's offer was underpinned by the transition from Coventry UK City of Culture to Birmingham 2022 Commonwealth Games. Full year 2022 economic volume and value data for the region's destinations will be available in April 2023.

Taking a forward look, we can see that accommodation bookings for February 2023 are 145% up compared to 2022, as Birmingham city centre reaps the halo effect of the Games, and the intensive campaign focus that raised awareness and improved sentiment towards the West Midlands' destinations.

The changes to the structure of delivery across the English visitor economy landscape resulting from the de Bois review are currently under discussion. WMGC aims to maintain its current relationships with the 7 met authorities through a best fit alignment with the proposed new structure, to bring Local Visitor Economy Partnerships and a pilot Destination Development Partnership to the region.

Challenges

The cost of energy and staffing costs are of paramount concern for many tourism and hospitality businesses, although a softening of the labour market may ease the latter in due course.

Some businesses already report that recruitment issues have eased – others are still struggling to get suitably qualified staff, particularly in skilled roles such as chefs.

Those which are trading successfully report good forward bookings but express concerns over the impact of the cost-of-living post-Spring, on income and the impact on discretionary spend.

Opportunities

The favourable exchange rate for international visitors to the UK is heralding positive signals from inbound markets including USA, Canada, India and Germany. International travel is set to increase in 2022, with more travellers taking long-haul flights. Travellers from the USA are a key visitor market for the West Midlands, and demand from this market is set to grow in 2023.

The halo effect of the region's major events in 2021 and 2022, brings a heightened awareness of the region's destinations. In both business and sporting events, there will be a focus on landing the pipeline opportunities. The proposed major events fund will support this in bringing our region to international competitiveness through opportunities for subvention. The travel trade focus will be on contracting more product from the region, and for leisure visitors, building on the sporting and cultural hero offer showcased by the major events of 2021/22.

For industry partners, business support to reap the benefits of improved digital presence, shared event listings across the region and better data analysis will continue, alongside development of bookable product and opening new distribution channels, to access new markets.

Sustainability concerns underpin the region's economic and well-being strategies and the compelling need to reach net zero targets both supports these strategic aims, and our businesses, to change ways of working, harness savings, and create an offer of choice for visitors. A series of workshops and audits will highlight our regional opportunities for improvement.



Tourism and Hospitality Advisory Board

The first meeting is 3rd March 2023 and the initial focus for the board will be confirmed through the work at, and subsequent to this meeting, aligning with the Regional Tourism Strategy and recovery plan.

The vision of the board is to align the activity of industry partners in tourism and hospitality, contributing to a strong West Midlands profile and reputation. Board members are passionate and knowledgeable advisors who will influence policy, grow sector value sustainably, ensure jobs and well-being for residents, and memorable experiences for customers and visitors.

The West Midlands Tourism & Hospitality Advisory Board will represent, and speak on behalf of, the tourism and hospitality sector in the West Midlands, and in doing so, advise regional and national stakeholders to support the achievement of the vision.

Members of the board are as follows:

Andrew Lovett	Black Country Living Museum
Wendy Parry	Herbert Museum & Art Gallery, previously ACE
Al Titterington	Birmingham Airport
Kelly Haslehurst	The NEC Group
Nicola Underhill	Birmingham Hilton Metropole
Sarah Rennie	Transport consultant
Sara Blair-Manning	Birmingham Botanical Gardens
To be appointed	WMCA Night-time Economy Advisor
To be co-opted	WMCA Hospitality Skills Taskforce chair / industry member
Kate Nicholls	UK Hospitality
Ninder Johal	CEO Nachural Group
Becky Frall	WMGC



Economic Growth Board

Date	15 th February 2023
Report Title	Understanding and addressing labour market challenges
Portfolio lead	Economy and Innovation – Councillor Ian Brookfield
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Dr Julie Nugent, Executive Director - Economic Delivery, Skills and Communities Email: julie.nugent@wmca.org.uk
Report has been considered by	Directors of Economic Development

Recommendations for action or decision:

The Economic Growth Board is asked to:

- a) Consider and reflect on the labour market challenges facing the West Midlands 7 Met area.
- b) Discuss and agree an approach to deepening our collective understanding of these challenges, including for particular places and groups of residents, and to identifying effective approaches to tackling them.

1 Purpose

- 1.1 This paper provides an overview of the labour market challenges facing the 7 Met area and sets out a proposed approach, that can value to existing local activity in developing a deeper understanding of these challenges and how we might work together to address them.

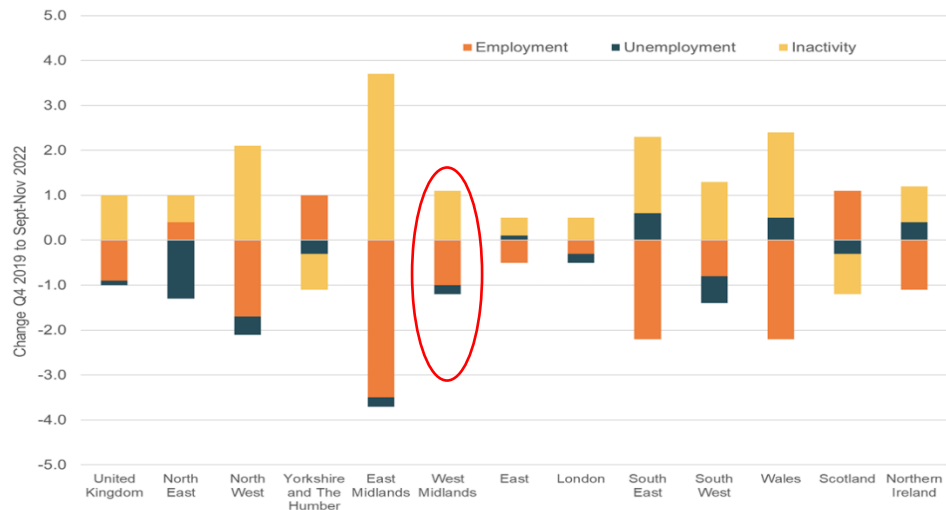
2 Labour market context

- 2.1 Despite difficult economic circumstances, the UK labour market remains tight, though with some signs of cooling. While employment levels have not recovered to pre-pandemic levels, unemployment is rising only slowly and remains close to record lows. Rising economic inactivity is of greater concern, primarily driven by those aged 50+ and people

with long-term health conditions. There is evidence that unmet demand for labour is holding back growth and could be fuelling inflation.

- 2.2 Across the West Midlands region, employment (74.5%) is lower than the UK average (75.6%) and falling. Unemployment (4.3%) is lower than pre-pandemic levels but higher than many other parts of the UK (3.7%). Economic inactivity (22.0%) is higher than the UK average (21.5%) and rising.
- 2.3 However, these overall rates mask significant differences by demographic characteristics. For example, while women generally have a less favourable labour market position than men, over the last year we have seen unemployment and inactivity rates increase among men – particularly 18–24-year-olds – but fall among women. There is considerable spatial variation too, with the claimant rate ranging from 3.1% in Solihull to 8.4% in Birmingham and 7.6% in Coventry. Similarly, the youth claimant rate ranges from 3.8% in Coventry to 10.3% in Wolverhampton. Further analysis undertaken by Local Authorities, by the CA and by DWP reveals even greater variation within local authorities than between them, with persistent pockets of high unemployment and inactivity found in particular wards and for particular communities.
- 2.4 Though vacancy rates across the region have now started to fall, they remain high (c.92k), with growing evidence of labour market shortages in many lower paid roles, predominantly undertaken by women. Despite strong pay growth across the region, high inflation means that nearly all workers have experienced a real-terms pay cut.
- 2.5 Across the 7 Met area, there are an estimated 484k economically inactive adults aged 16-64, of which 30% are students, 26% have either a short- or long-term health conditions, 26% are looking after family/home and 6.7% are retired. Just under one in five (18.1%) on those currently inactive say that they do want a job, with a much greater number saying that that they would like to work at some point in the future. Since 2019, we have seen a sharp rise in long-term sickness, with 1 in 10 residents in parts of Birmingham and Walsall now inactive for this reason.
- 2.6 As illustrated by the chart below, the West Midlands is not unique in seeing significant change in economic activity since the beginning of the pandemic, however the nature and scale of change seen in recent years has varied by region.

Changes in economic activity by region, Dec19-Nov22



- 2.7 Taking a longer-term view – over the last 30 years – the West Midlands labour market has tended to underperform against the national average, with lower-than-average employment and higher unemployment. Over the last 15 years, levels of economic inactivity have also been slightly higher than the UK average. Furthermore, although the data is not as granular or timely, labour market statistics for the CA area, suggests that the 7 Met labour market underperforms the region more broadly.
- 2.8 In part, this poor performance reflects the lower-than-average qualifications profile of residents. 9.6% of WMCA residents have no qualifications, compared with 6.6% nationally. 36.9% are qualified to level 4+, compared with 43.6% nationally. While we have made good progress in raising the qualifications profile of residents since devolution of AEB in 2019, the CA are continuing to explore how we can further raise skills and qualification levels, how we can strengthen our offer to help unemployed and inactive adults into work, as how we can better support low-paid workers to progress and earn more.
- 2.9 However, these issues cannot be tackled solely through skills interventions. Labour market opportunities are predominantly influenced by the wider economic context. At present this is extremely challenging, including:
- Long-term trend of diminished GDP growth, with contraction in major parts of the economy including manufacturing, finance & insurance.
 - Lower than average levels of, and growth in, productivity.
 - Decline in regional business activity, linked to lower sales and subdued market confidence.
 - Below average business survival rate – with business deaths currently exceeding business births.
 - Decline in high growth firms and lower business demand for innovation.
- 2.10 There is growing evidence too of the impact of wider factors – such as physical and mental health, health and care services, childcare, transport, housing, quality and flexibility of work, cost of living etc – on whether and how residents are able to participate in the labour market.

3 Understanding and addressing labour market challenges

- 3.1 Improving the regional labour market – or indeed, preventing further relative decline – will therefore require a concerted and co-ordinated effort by all stakeholders both to improve employment opportunities within the region, and to ensure that residents are well placed to take up these opportunities.
- 3.2 To achieve this, the Mayor, the Combined Authority and Local Authority leaders and officers have an important leadership role to play in bringing together regional and national partners alongside labour market and economy experts to:
- Develop greater insight into labour market challenges and opportunities, both across the CA and at local level.
 - Gain a more detailed understanding of potential solutions to these challenges.
 - Identify existing resources and levers that can be used to address challenges and exploit opportunities.
 - Advocate on behalf of the region to secure further resource and flexibilities.
- 3.3 In order to add value to the work that is already being undertaken within Local Authorities, we are proposing that a Jobs Taskforce be established, comprising key regional stakeholders working collaboratively to develop and implement an actionable roadmap to addressing both immediate and longer-term labour market challenges. The Taskforce – which would include representatives from the CA, constituent Local Authorities, the health sector, key employers, employer representative bodies and Trades Unions – would be established for a time limited period of 9 months. However, it is anticipated that this would facilitate more effective partnership working beyond this.
- 3.4 The Task Force would agree a workplan, which we anticipate could include the following – see annex for further details:
- Commissioning in-depth analysis of labour market and economic data across the CA area, with a particular focus on developing our understanding the underperformance of the region and the localities within it.
 - Establishing an expert group of key research organisations and think tanks, to provide insight and policy solutions.
 - Deep dive focus into a small number of totemic geographies and/or labour market issues, identified by Task Force members.
- 3.5 This would result in an actionable workplan by the end of the 9 months. In addition, Taskforce member would work together – see annex for further details – to:
- Align wider activity and deploy existing levers within each member organisation, to address identified challenges.
 - Explore how actions can be embedded into other key strategies and programmes of work.
 - Lobby central government, as part of and in addition to TDD arrangements, to invest in the region and to trial interventions that will help address labour market challenges. Consider how to engage wider regional stakeholders, including employers, in this shared agenda – including through a focused programme of activity to improve the availability of ‘good work’ across the CA area.

- Develop and implement a communications strategy that demonstrates how anchor institutions are working to address labour market challenges, and the impact that this can have on the region's residents and businesses.

4 Financial Implications

4.1 tbc

5. Legal Implications

5.1 There are no immediate legal implications arising from this report

6. Equalities Implications

6.1 There are no immediate equalities implications arising from this report, however the work of the Jobs Task Force would seek to explore how we could better address labour market inequalities within the region.

7. Inclusive Growth Implications

7.1 Inclusive economic growth would be a key focus on the Jobs Task Force, ensuring that evidence-based action is taken improve employment opportunities within the region, and to ensure that residents are well placed to take up these opportunities.

8. Geographical Area of Report's Implications

8.1 The remit of the proposed Jobs Task Force would apply to the 7 Met area.

9. Other implications

9.1 None

Annex 1: Jobs Taskforce – suggested approach

1. In order to add value to the work that is already being undertaken within Local Authorities, we are proposing that a Jobs Taskforce be established, comprising key regional stakeholders working collaboratively to develop and implement an actionable roadmap to addressing both immediate and longer-term labour market challenges. The Taskforce – which would include representatives from the CA, constituent Local Authorities, the health sector, key employers, employer representative bodies and Trades Unions – would be established for a time limited period of 9 months. However, it is anticipated that this would facilitate more effective partnership working beyond this.
2. The Task Force would agree a workplan, which we anticipate could include the following:
 - 2.1 **Commissioning in-depth analysis of labour market and economic data across the CA area, with a particular focus on developing our understanding the underperformance of the region and the localities within it.** We anticipate that could be a result of a number of factors including the sectoral mix of the economy, quality of available jobs and the skills profile of residents. We also know that some groups, including young people and ethnic minorities can be disproportionately affected by economic shocks, as can areas with greater levels of deprivation and generational worklessness. The purpose of the analysis will be to develop greater understanding and insight into these contributory factors. It would seek to draw from and add value to the work already taking place within Local Authorities. The analysis would underpin the work of the Task Force and would also be published externally as a tool to engage other organisations in working together to address challenges, and to make the case for wider public and private sector investment/intervention.
 - 2.2 **Establishing an expert group of key research organisations and think tanks, to provide insight and policy solutions.** From their wider experience and research, the group would provide insight into the region’s labour market challenges and would work with regional stakeholders to develop and design practical evidence-based proposals for addressing these. We anticipate that the creation of an expert group would also have longer-term benefits in stimulating ongoing collaboration between them and regional stakeholders and on regional issues.
 - 2.3 **Deep dive focus into a small number (2-3?) of totemic geographies and/or labour market issues, identified by Task Force members,** for example raising labour market participation in East Birmingham or tackling youth unemployment in Wolverhampton. As it will not be possible to tackle the full range of labour market challenges within the region, the Task Force should identify 2-3 key issues to work on together. This will involve detailed analysis of CA, LA and DWP data, alongside resident and local stakeholder engagement to develop further insight.
3. While the Task Force would aim to produce an actionable workplan by the end of the 9 months, it is critical that we don’t wait until this point before any action is taken. Throughout 2023, the Task Force should also:

- 3.1 **Identify how to align wider activity** (e.g. Wolverhampton Youth Unemployment Taskforce) **and deploy existing levers** (e.g. skills funds, UKSPF, CWG legacy) within each member organisation, to address identified challenges.
- 3.2 **Explore how actions can be embedded into other key strategies and programmes of work**, including the digital roadmap, WM2041, Plan for Growth etc. In doing so, we will be able to ensure that local residents are able to benefit from our wider ambitions, such as increased employment and economic growth in key clusters.
- 3.3 **Lobby central government**, as part of and in addition to TDD arrangements, to invest in the region and to trial interventions that will help address labour market challenges experienced both in the regional and nationally. As set out in our TDD discussions, this could include interventions in relation to:
- Increasing availability and accessibility of childcare services.
 - Providing health-related employment support.
 - Delivering specialist services and support for older adults to return to the labour market.
 - Developing pre-apprenticeship provision for young people.
- 3.4 **Consider how to engage wider regional stakeholders, including employers**, in this shared agenda – including through a focused programme of activity to improve the availability of ‘good work’ across the CA area. This should include public sector leadership through its own recruitment and procurement activity, as well as working with key private sector employers to explore job design and flexibilities in working practices. There is growing evidence that the tight labour market is making employers more open to exploring this.
- 3.5 **Develop and implement a communications strategy** that demonstrates how anchor institutions are working to address labour market challenges, and the impact that this can have on the region’s residents and businesses

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Date	15 th February 2023
Report title	West Midlands Growth Company Review
Portfolio Lead	Councillor Ian Brookfield Leader, City of Wolverhampton Council WMCA Portfolio Lead for Economy and Innovation
Accountable Chief Executive	Tim Johnson, Chief Executive, City of Wolverhampton Council Laura Shoaf, Chief Executive, WMCA Neil Rami, Chief Executive, WMGC
Accountable Employee	Katie Trout, Director of Policy & Partnerships, WMGC
Report has been considered by	Consultation still to happen with: WMGC Review Sponsors and Executive Groups Directors of Economic Development

1. Purpose

- 1.1. This paper provides an update on progress of the review into the West Midlands Growth Company (WMGC). It sets out the emerging feedback from the consultation process into the future model for the Company, highlighting areas where there is consensus and recommendations can be made, and where further discussion and/or work is required.

2. Recommendations

Economic Growth Board is recommended to:

- 2.1.1. Note and discuss progress on the Review made to date.
- 2.1.2. Comment on the scenarios for the future model for the WMGC, and in particular the preferred scenario as identified by the Sponsors Group which would see the current funding envelope for the WMGC consolidated at £12m but with activity re-focused to meet regional and local priorities; noting that further consultation will be undertaken with the aim of bringing a recommendation to the Mayor and Met Leaders Meeting on 3rd March 2023 for discussion ahead of the WMCA Board on 17th March 2023.
- 2.1.3. Agree that WMGC should continue to undertake the functions as set out in paragraph 6.8 and that the balance of activity across them should be determined by regional and local priorities.
- 2.1.4. Agree that WMGC should undertake the additional role of Strategic Relationship Management if budget levels are broadly maintained at their current level and that WMGC should work closely with LAs to deliver this function.
- 2.1.5. Note that the geographical footprint of WMGC post LEP integration needs to be resolved and that the recommendations will be brought forward as soon as possible, to include clarifying the future relationship with Warwickshire.

- 2.1.6. Note the detailed work being undertaken with Local Authorities and with the WMCA to determine local and regional priorities and that these are being used to inform the proposal for additional Legacy Funding and will ultimately inform WMGC's Business Plan.
- 2.1.7. Note and discuss the progress in developing a framework of Objectives & Key Results, and note the further work that is being undertaken to determine thematic objectives, deliverables and specific leading and lagging indicators.
- 2.1.8. Note that WMGC has submitted a proposal for an additional £10.7m from the Legacy Fund to fund the *Global West Midlands* Investment and Tourism Programme over the next two years and that this will be considered on a separate item on the agenda.
- 2.1.9. Note that WMGC will achieve efficiency savings amounting to a 10% - 15% reduction in the regional workforce/ 3rd party costs over the course of the year on the *core* activities.
- 2.1.10. Agree that identification of long-term sustainable funding for the WMGC, to support the scenario that is agreed by WMCA Board in March, is returned to in early 2023/24 and recommendations are brought forward to EGB for consideration in due course.
- 2.1.11. Endorse proposed changes to membership of the WMGC Board, specifically: that the Board should be expanded so that each Local Authority is represented on it; and that private sector membership should be reviewed when terms of office come to an end to ensure Directors have the right suite of skills and experiences aligned to WMGC's future focus – noting that these changes will be for WMGC Ltd to enact.
- 2.1.12. Agree that from 2023/24, EGB should agree WMGC's annual business plan including its objectives and key results and that it should receive quarterly performance reports on it from WMGC.
- 2.1.13. Approve proposals to strengthen engagement with the Local Authorities and WMCA at political and officer levels and agree that partners identify named senior officers and councillors by correspondence with the WMGC.
- 2.1.14. Note the ongoing work to clarify roles and responsibilities, and handovers across programmes of activity, across WMGC, WMCA and Local Authorities.

3. Background

- 3.1 At its meeting in September 2022, the EGB commissioned a review of WMGC's functions, funding and governance with the purpose of making recommendations to the EGB, and the WMCA Board, on the future scope, scale and sustainable funding of activity of the WMGC.
- 3.2 There are three key elements to the review:

- I. Functions - what do we require the WMGC to do that adds value to LA and WMCA activities;
 - II. Governance - what is the right governance model for the WMGC; and
 - III. Funding:
 - a. Phase 1: how does the region provide assurance for the WMGC as a going concern for 2023/24; and
 - b. Phase 2: what is the right sustainable funding model for the WMGC.
- 3.3 The Review is being overseen by a Sponsors Group of the EGB Board Chair, Mayor and Chair of the WMGC. It is led by a leadership team of the WMCA Chief Executive, Chief Executive of the City of Wolverhampton Council and Chief Executive of WMGC. Support is being provided by the WMCA, City of Wolverhampton Council and WMGC, working in conjunction with Directors of Economic Development and the West Midlands Financial Directors.

4. Review outcomes to date

- 4.1. The focus of the Review prior to Christmas was on Phase 1 of the Funding element i.e. the region providing assurance for the WMGC that it would be a going concern for 2023/24.
- 4.2. This element was completed when the WMCA Board approved the £4m regional allocation for the WMGC for next financial year at its meeting on 16 December 2022. This comprised of funding from the WMCA's core budget (£700k), UK Shared Prosperity Fund (£1.6m) and Commonwealth Games residual contingency funding (now referred to as Legacy Funding) (£1.7m).
- 4.3. When combined with £1.9m of commercial and other funding that the WMGC expects to generate, this means that the WMGC has a budget of £5.9m confirmed for the next financial year.

5. Current phase of the Review

- 5.1. The next phase of the Review has focused on functions, governance and identifying the optimum financial envelope for WMGC going forward.
- 5.2. A number of scenarios for the future of the WMGC have been developed for consultation. Whilst the Terms of Reference for the review make it clear that this work starts from the basis that the region needs a Growth Company, the scenarios work does not pre-suppose this; rather, it includes all possible options.
- 5.3. The Review therefore considered six scenarios across four headline options (dissolution, reduction, consolidation and growth) and the implications for WMGC's operating and governance models accordingly. Further details are available at Appendix 1.

Realising Global West Midlands

- 5.4. At its meeting on 20 December 2023, the Sponsors Group considered all the scenarios and agreed that "Scenario 5 – Consolidation" was its preferred option for consultation.

- 5.5. This Scenario is termed "consolidation" because it proposes to consolidate and streamline WMGC's funding at 2022/23 levels, but it is not about delivering more of the same – rather about realising the ambition for *Global West Midlands*. This builds upon the learning and progress made with the Business & Tourism Programme (BATP) and is a key pillar of the region's trailblazing devolution deal proposals regarding trade & investment.
- 5.6. This scenario assumes the continuation of current levels of funding, i.e. c.£12m p.a., made up of £4m of regional funding, c£2m commercial and sponsorship income and £6m from other sources. This is in line with the "in principle" decision of the Economic Growth Board in May, subject to the availability of funding.
- 5.7. This level of funding would enable a new programme of activity to be built from the ground up to take account of prevailing global economic headwinds and current local and regional assets, opportunities and delivery priorities.
- 5.8. As well as doubling down on pipeline conversion to fully maximise the economic legacy of the Games and the halo effect of the subsequent two years, the impact of this funding allows WMGC to run a full programme of international promotion in key markets identified in the International Strategy. This would also help to maximise the economic impact of other major sporting and cultural events that take place in the region.
- 5.9. It is estimated that this level of investment could yield 2,000 leads of which 138 will be converted to project wins, generating £277m in GVA over a two-year period, as well as delivering a pipeline of further investment and event leads to be realised in future. Further detailed work would need to be undertaken to confirm specific targets once priorities and the balance of activity have been agreed, which will also need to reflect the economic context at the time.

6. Outcomes from the consultation on future scenarios

a. Consultation Status Update

- 6.1. At the time of writing, initial consultation has been undertaken with senior Local Authority officers from the seven Mets and also the WMCA Executive. Met Chief Executives have also been kept informed of progress of the Review at their regular meetings by the Chief Executive of the City of Wolverhampton Council. Engagement has started with politicians, either via meetings with the WMGC or briefings from LA Chief Executives but this has not yet concluded. The WMGC Board has also been consulted at a special Board meeting on 17th January 2023.
- 6.2. Engagement with universities as WMGC shareholders and other partners, including Business Representative Organisations will commence shortly.
- 6.3. What is set out below is therefore the emerging picture from the consultation undertaken to date. The following is drawn out:

- Areas where there is clear consensus and where it is felt appropriate to put a recommendation to EGB seeking their approval, ahead of consideration by the WMCA Board in March.
 - Areas where further work and/or consultation is required. Views from EGB Members may be sought here and/or a process outlined for reaching agreement ahead of the March WMCA Board so that a recommendation can be put to that meeting.
 - Issues which will require further time post March to be concluded.
- 6.4. The rest of this section outlines the emerging position in relation to the future model of the WMGC, with a particular focus on issues relating to: Functions, Outcomes & Impacts, Funding and Governance, with elements categorised as per the points set out in the above paragraph.

b. Scenario for the WMGC's Future Model

- 6.5. In the consultation meetings undertaken to date, details of each of the scenarios and the potential impacts have been outlined. The preferred scenario of the Sponsors Group and its specific component parts has also been highlighted.
- 6.6. Initial feedback has been supportive of Scenario 5, i.e. consolidating the current funding envelope of £12m p.a. and re-focusing activity on current regional and local priorities and the economic context of the region.
- 6.7. It is recognised that further discussions, in particular with politicians, are required before a recommendation for this scenario to be adopted can be put to the WMCA Board in March. Views of EGB Members are sought at this meeting and then further engagement will be undertaken over the next few weeks. The output will be presented to the Mayor and Met Leaders Meeting on 3rd March 2023 with the aim of a recommendation being put to the WMCA Board.

c. Functions & Geography

i. Headline Functions

- 6.8. Feedback from the consultation undertaken to date has been that there is a clear rationale and support for the WMGC continuing to be an **investment promotion and a destination management organisation**. Given the inter-related nature of these activities, and the fact that successes in one area often lead to benefits in another, this is felt to be the optimum approach to building and converting a pipeline of investments, conferences, events and visitors. This would mean continuing to undertake the core suite of functions as shown in the table below.

Function	Description
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Business Attraction	Investment promotion and investment facilitation – building the region’s investment propositions, actively selling them in key markets, and managing the pipeline of enquiries to turn leads into landings.
Capital Attraction	Working with local authorities to help shape and take investable opportunities to the right markets at the right times , in order to secure significant capital investment in infrastructure and regenerate communities.
Visitor Attraction	Working with travel trade to create bookable products , developing and delivering domestic and international marketing campaigns to promote the region as a visitor destination, and route development .
MICE	Raising the profile of the region as a destination to host world-class sporting, cultural and business events, and bidding to win high-priority events

- 6.9. The Review has though highlighted that the relative size of the functions must reflect local and regional priorities (see paragraph 6.17 and 6.18 below), recognising that if some areas are upweighted then there will need to be trade-offs.
- 6.10. Beyond these functions, there is support for other key aspects of WMGC’s role to continue, specifically identifying opportunities to **establish partnerships of public, private and academic institutions to realise major, gearshift opportunities**; providing **research and insight**; and **marcomms** support.
- 6.11. The Review has also underlined the importance of the region strengthening its relationship with its strategic employers to support them to remain and grow within the West Midlands. Currently only a small number of our ‘top 500’ businesses have any engagement with the public sector. It is therefore proposed that **Strategic Relationship Management (SRM)** is taken on as an additional function by the WMGC to be delivered within a consolidated funding settlement, and by working closely with Local Authorities. The exact details of how SRM would work in practice need to be determined, but agreement to the principle of establishing it is sought.

ii. Functional Economic Geography

- 6.12. WMGC currently operates across the three Local Enterprise Partnership (LEP) geography, encompassing the Black Country, Greater Birmingham & Solihull and Coventry & Warwickshire. With the integration of LEPs into the WMCA from April 2023, this footprint needs to be revisited.
- 6.13. Whilst the logical next step from a statutory footing would be for WMGC to start to operate across the seven Met geography, this approach would ignore the inter-connected economies of neighbouring LAs with the wider conurbation, e.g. Coventry and Warwickshire’s functional economic geography; City of

Wolverhampton and South Staffordshire Borough Council, particularly around i54 and the non-constituent members from Worcestershire and Staffordshire and their links with the Mets.

- 6.14. Some of the implications of this issue are wider than those pertaining to WMGC's role and remit and will therefore need to be addressed outside of the Review. However, resolution on WMGC's geographical focus / working arrangements is needed going forward.
- 6.15. Discussions on specific elements of this, particularly the relationship between WMGC, Coventry City Council and Warwickshire County Council have started and it may be possible to recommend a way forward at the WMCA Board in March. Other elements will require more detailed discussions which will take some time.

iii. Local and Regional Priorities

- 6.16. As part of its consultation with the WMCA and with the Local Authorities, WMGC has worked with its partners to identify regional and local priorities and determine how WMGC can support their delivery. These priorities have informed a set of projects and programmes for WMGC which will be its focus in 2023/24 and 2024/25 *if* Scenario 5 is agreed as the preferred model going forward and *if* sufficient additional funding is secured. These projects and programmes are set out in Appendix 3, and a brief summary is provided below of the latest position.
- 6.17. WMGC will **deliver for the region** by:
- maximising the B ATP pipelines by delivering **in-market and virtual events**, and **in-region familiarisation visits**
 - expanding the **Global Growth Programme** (soft landing support for high growth, innovation-led SMEs) to Coventry and Wolverhampton
 - creating an online **Industrial and Office Sites Promotion Programme**
 - leading the development of the West Midlands International Strategy, which will form the basis of the **Global West Midlands campaign**, delivering international missions and a significant presence at events in priority markets
 - Managing **strategic relationships** with the region's top 500 strategic firms
 - Renewing our **investment and visitor propositions**, highlighting key local assets
- 6.18. WMGC will **deliver local priorities** by:
- Enabling the identification and delivery of **innovation-led "gearshift" projects**, such as Our Future City Plan (Birmingham), Coventry's vehicle electrification and smart mobility ambitions, the Health Innovation Campus in

Arden Cross in Solihull, the Green Investment Corridor in Wolverhampton and opportunities around energy and battery storage farms in Sandwell

- Delivering the **Investor Showcase Programme** that will bring together developers and investors so that they can understand more about the opportunities that exist in local areas e.g. in Walsall, Dudley and Sandwell
 - Enabling an increase in **hotel provision** across a number of the LAs, including Birmingham, City of Wolverhampton and Dudley
 - Continuing the **Public Sector Relocations Programme**
 - Leveraging the region's innovation strengths by creating a **cross-sector innovation narrative** and exploiting the FDI potential of **Innovation Accelerator** projects; and **using innovation as a driver of transformation** (e.g. the collaboration between Dudley MBC, Black Country Innovation Manufacturing Organisation, WMG, University of Warwick and the MTC which WMGC has helped to catalyse through its contacts with the academic and private sectors)
 - **Growing the visitor economy** by maximising the impact of renowned attractions such as the Merlin Group's Legoland Discovery Centre, Cadbury World and The Herbert Art Gallery; exploiting the opportunities presented by new and under-utilised attractions such as the Sandwell Aquatics Centre and Walsall's New Art Gallery; supporting boutique attractions including the Leather Museum, the Pen Museum, Red House Glass Cone and The Barber Institute; and growing demand for experiences including urban boating and kayaking, walking tours, cookery and home share opportunities on platforms including Airbnb.
- 6.19. Detailed work is now underway with Local Authorities and WMCA to agree the exact role of WMGC, critical success factors etc. for each of these priorities. This information will be used to develop the annual Business Plan for WMGC.
- 6.20. As set out in paragraph 6.9, local and regional priorities need to inform resource requirements of WMGC and therefore the balance of functions. It is clear from our discussions with partners that our activity in capital attraction needs to be upweighted. It is therefore proposed to add a small number of people to this team. Efficiency savings (see below) and reductions across other areas of the business have enabled this increase.

d. Outcomes and Impacts

i. Metrics

- 6.21. From its creation, the performance of WMGC has been evaluated on the basis of a relatively narrow range of high-level metrics such as the number of investment projects it has landed, the number of new jobs created and the GVA generated by these projects. Economic impact is measured in line with the Department for International Trade's own performance management framework.

- 6.22. Over the course of the WMGC Review, it has become clear that partners are seeking a new approach to measuring WMGC's performance – one that is more clearly linked to the delivery of local and regional priorities so that partners can clearly see what is being delivered in their area, takes into account both leading and lagging indicators, and demonstrates impact for local businesses and residents as well as regional strategic priorities. It will also need a greater degree of nuance regarding the extent of WMGC's involvement in project wins.
- 6.23. A service catalogue is being developed which will include all programmes and projects, describing the activity aligned with overall agreed business objectives and deliverables. This will give clarity to what is in, and out of scope but also support performance management against KPIs, and visibility of the activities required to meet targets.
- 6.24. Whilst there will be a strong focus against delivering local and regional priorities, it is not intended to create eight service level agreements. Instead, the proposal is to develop one against which performance can be measured by the WMCA and all the Mets. This will draw out local expectations by focusing on the specific inputs and outputs required to take them forward, but also enable cross boundary impacts to be measured in conjunction with other actors in the economic development ecosystem. This will likely require that priorities are grouped together to maximise the impact of a given set of outputs.
- 6.25. WMGC has begun to develop a new high-level framework of objectives and key results, which sets out both leading and lagging indicators, and how WMGC can add value to regional strategic priorities (such as green growth). The draft framework is available at Appendix 2.
- 6.26. WMGC is currently evolving this further to demonstrate how its functions will enable the delivery of local priorities, through which specific outputs, and how performance will be measured. This is also available at Appendix 2.
- 6.27. This is work in progress, and further work is required to develop the objectives in line with local and regional priorities; develop a programme that will deliver those priorities, with key activities captured as "outputs"; and to put specific, measurable leading and lagging indicators in place.

ii. Cross-boundary impacts

- 6.28. Not all parts of the regional economy have the material conditions to benefit from all of WMGC's work in the same way, at the same time; for example, not all Metropolitan authorities can secure significant FDI in the short-term. However, investment facilitated by WMGC can create supply chain and employment opportunities across the region, if firms and people are given the right support at the right time. Similarly, some Mets are better positioned than others to attract major transformational capital, conferences and events, and tourists.
- 6.29. While WMGC may not be able to directly deliver these benefits, it is clear that a more collaborate approach can ensure that investment in one part of the region can have spillover benefits in others; but realising those benefits will require concerted collaboration across the region and real clarity on the roles and responsibilities of respective partners.

e. Funding

i. Legacy Funding Proposal

- 6.30. The Commonwealth Games Legacy Fund presents the most tangible opportunity for increasing the WMGC's budget over the next 2 years and thereby fully exploiting the pipeline built up by BATH and the halo effect of the Games.
- 6.31. A programme of investment and tourism activity has been developed based on delivering against local and regional priorities (see Appendix 3). The funding request is outlined in detail on another item on this agenda. In headline terms, in order to support the delivery of regional and local priorities, WMGC has forecast that it needs an overall budget of £10.5m in 2023/24 and £12.0m in 2024/25.
- 6.32. With £5.9m already secured (£4m regional allocation which comprises £700k core funding from the WMCA, £1.6m from UKSPF and £1.7m from Legacy Fund) plus £1.9m of commercial and other costs) an additional £4.6m of Legacy Funding is being sought for 2023/24 and £6.1m in 2024/25 giving a total ask of £10.7m over the 2 years – excluding the £3.4m included in the funding already approved.
- 6.33. The level of the 2023/24 request reflects the fact that the main focus of the business for next year will be on landing the significant pipeline that has been built up through BATH so lead generation and international sales missions will not be required at the same level. In 2024/25 pipeline development work will be increased to generate leads for the future and therefore additional costs will be required. It is also expected given approval timelines, some of the programme will begin in earnest in Q2, which has impacted on spend profiles.
- 6.34. It should be noted that the Trailblazer Devolution Deal Trade and Investment proposal includes a request for £6m p.a. to enable the delivery of the *Global West Midlands* programme. If this funding was secured then additional Legacy Funding would not be required, but it is not considered likely at this stage. The continuation of some funding for Key Account Management is also requested. If agreed, this would match-fund the resource the region is putting into Strategic Relationship Management through the overall budget envelope mentioned above.

ii. Efficiencies

- 6.35. WMGC is undertaking and will continue to undertake ongoing reviews of efficiencies. There are opportunities across the region to collaborate, find synergies and opportunities for handovers, and improve processes that will increase benefit and value for money.
- 6.36. The current key high-level areas for review in Q4 22/23 are set out in the table in Appendix 4. Once identified as an efficiency saving (time, cost, quality), then a detailed implementation plan will be shared with expected outcomes through SMART Objectives and KPIs.

- 6.37. Other areas will be identified through collaboration with WMCA and the Local Authorities and will follow the same process.
- 6.38. These efficiencies aim to result in an overall 10% - 15% reduction in the regional workforce/ 3rd party costs over the course of the year on the *core* activities.

iii. Sustainable Long-Term Funding

- 6.39. If additional Legacy Funding is secured then this will provide WMGC with a two-year settlement. This would be hugely welcomed but it would not put WMGC on a sustainable financial footing which was one of the key elements of the Review's Terms of Reference.
- 6.40. Securing long-term funding is likely to require utilisation of fiscal tools currently available to the region (e.g. Business rates pool, Enterprise Zone receipts etc) and/or others granted through the Trailblazer Devolution Deal process, both of which will require significant work to develop proposals and to consult on them. It is therefore proposed that this issue is addressed in 2023/24 as part of a Phase 3 of the Review.

f. Governance

- 6.41. WMGC Ltd is a Company Limited by Guarantee which is wholly owned by the WMCA and the seven Mets. It therefore benefits from the "Teckal exemption" which allows its local authorities to commission services from it directly without going to market. It has its own Board which is Chaired by the private sector and comprises of business, LAs, the WMCA and universities; but public sector company members retain overall control through the company's annual general meeting. The WMGC Board reports into the Economic Growth Board. The Portfolio Lead for Economy and the Chair of the Economic Growth Board sits on the WMGC Board. The WMGC Chair also sits on the Economic Growth Board to help ensure alignment of agendas.
- 6.42. To date there has been broad consensus from the consultation that the current governance model would be retained. There are clear benefits to it – WMGC is an independent body with its own Board; it adheres to strong and effective governance and financial structures but has a level of agility which means it can respond to market requirements. The Board's membership enables WMGC to benefit from the expertise of the public, private and academic sectors which enables it to deliver optimum outputs. As a Teckal company, it can be procured directly by its shareholders without a commissioning process, thereby saving the WMCA and LAs funding and time.
- 6.43. A number of changes have thought been identified to improve effectiveness, and to increase transparency and accountability. These have all been fully supported in the consultation undertaken to date:
- Membership of the WMGC Board:

- Each Local Authority should be represented on the Board by their Leader, relevant Cabinet Member, Chief Executive or senior Director level (membership to be determined by each Local Authority). This would mean that Sandwell and Walsall MBCs would be invited to take a seat on the Board.

This change would create an enlarged Board. To ensure this does not impact on the Board's effectiveness, work will be undertaken with all Board Members to consider roles and responsibilities etc.

- Private sector membership should be reviewed when terms of office come to an end to ensure Directors have the right suite of skills and experiences aligned to WMGC's future focus; and that the Board is inclusive and diverse.
- The relationship with the EGB should be strengthened i.e. EGB would be asked to agree WMGC's annual business plan including its objectives and key results. The WMGC Board would be responsible for overseeing the delivery of the plan but performance against would also be reported on a quarterly basis to the EGB, via the Directors of Economic Development.

g. Ways of working

- 6.44. The review process has demonstrated the need to build on the current quarterly engagement with WMCA and each of the Metropolitan authorities. The following is proposed:
- Quarterly engagement with a named senior officer at WMCA and each Local Authority. These meetings will be led by WMGC's Director of Policy & Partnerships, with workstream leads in attendance according to agreed priorities.
 - Quarterly engagement with the Mayor / Leader / Cabinet member at WMCA and each Local Authority as appropriate. These meetings will be led by WMGC's Chief Executive.
- 6.45. It is envisaged that these quarterly meetings will be to report performance against agreed priorities and to look ahead to forthcoming deliverables across all workstreams. As part of this change, WMGC recognises that some Local Authorities may also want to streamline engagement with the WMCA and WMGC into one meeting and will endeavour to facilitate this.
- 6.46. In addition, WMGC will offer bi-annual strategy and planning sessions and a year-end review with WMCA and each Local Authority to review performance, ensure delivery plans are aligned, and explore opportunities for efficiencies, synergies and added value. This will be increasingly important post-LEP Integration as new ways of working are established across the region.
- 6.47. Closer and more structured working with the WMCA will also be achieved through regular attendance and reporting at Strategic Leadership Team meetings

and workshops on key issues where greater collaboration and sharing of knowledge and networks can achieve improved results.

- 6.48. WMGC will also endeavour to ensure that workstream leads spend more of their time based at WMCA and Local Authority offices, and extend the invitation for colleagues across the region to hot desk at WMGC's offices in Birmingham.
- 6.49. As part of the Review, WMGC has begun to explore with WMCA and local authorities roles and responsibilities for each function. This includes the potential for "handovers" e.g. at parts of the inward investment lifecycle as well as functional areas such as capital attraction and research & insight. This will help to ensure there is no duplication and improve efficiency and effectiveness. This work is ongoing, but the intention is to conclude it swiftly so there is greater clarity on roles and responsibilities from the start of the next financial year.

7. Next Steps

- 7.1 Whilst there has been a lot of work to get the Review to this current point, there is much more to do ahead of the March WMCA Board and beyond to ensure the region is set up for success in terms of investment and tourism activity. This report sets out the immediate actions in relation to consultation and engagement but also those issues that will be addressed in the next financial year. Given the complexity of the organisations involved and of the regional architecture, a number of issues will take some time to fully resolve.

8. Financial Implications

- 8.1. This report refers to the optimum funding envelope for the WMGC going forward. It is recognised that this is subject to sufficient resources being available. EGB is not being asked to consider any specific financial recommendations as part of this report. However, there is a separate item on the agenda relating to Legacy Funding which will consider proposals from the WMGC which reflect the contents of this paper.

8. Legal Implications

- 8.1. There are no immediate legal implications as a direct result of this report.

9. Equalities Implications

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

10. Inclusive Growth Implications

- 10.1. The focus of WMGC's future activity will support the delivery of the region's inclusive growth ambitions. For example, WMGC's inward investment activity will

create new employment opportunities for local people across the region – both directly and indirectly through supply chains; capital investment activity will focus will be on new, brownfield development and the refurbishment and repurposing of existing assets in line with local priorities. Ultimately, this work will improve the living conditions of local residents, drive economic uplift through new investment and champion a more sustainable future landscape for the region; and activity to promote the West Midlands visitor economy domestically and globally, drive visitor footfall across local authority areas, sustaining local businesses, materially improving perceptions of these destinations, promoting cultural and social wellbeing and fostering the civic pride of citizens. It will target major events, conferences and sporting federations which will deliver social and economic benefits to businesses and residents and support the region’s sporting, cultural, events and hospitality supply chain.

11. Geographical Area of Report’s Implications

- 11.1. The report primarily covers the seven West Midlands Combined Authority metropolitan areas but there are geographical implications for WMGC’s footprint that need to be resolved as outlined in the report.

12. Other implications

- 12.1. None.

Appendix 1: WMGC Review scenarios

Six scenarios are being consulted upon as follows:

Dissolution	
Scenario 1	Dissolve WMGC with functions left to national Government and the market
Scenario 2	Dissolve WMGC with functions delivered through WMCA and local authorities
Reduction	
Scenario 3	WMGC reduces the number of functions that it delivers and has a smaller budget.
Scenario 4	WMGC continues to deliver existing functions but has a smaller funding budget (two options are provided here – of £5.9m (the total budget available from a £4m regional contribution) and £9m. Further options can be developed to illustrate the impact of other funding envelopes.
Consolidation	
Scenario 5	The current WMGC funding envelope (£12m) is consolidated with activity re-focused on meeting local and regional priorities and responding to the current economic context.
Growth	
Scenario 6	WMGC delivers additional functions for the region.

Options in relation to the operating model and governance are also being considered:

Operating Model
All activity delivered through WMGC Ltd
Back office delivered by the WMCA or a local authority
Governance Model
Status quo with increased transparency and accountability
Changes to the company member model e.g. to Board representation
Changes to the company structure e.g. remove Teckal status; become an informal partnership

The pros/cons; financial implications; risks and timelines for implementation for each of the scenarios and options were identified and informed by international best practice, feedback from Functions Workshops undertaken with Local Authorities (LAs), work to inform a business case for £4m of regional funding and initial analysis of areas for financial efficiencies.

Appendix 2 – Objectives & Key Results framework

	Inward investment	Capital investment	Trade	MICE and sporting events	Leisure tourism	Scope for within-region analysis?	Scope for analysis by sector and market?	Source data/intel
Leading indicators	Market signals - website and social media traffic, leads generated from events and sales missions						✓	Google analytics, media tools, WMGC CRM
	Perceptions shift - awareness, +ve/-ve sentiment and active consideration of the region's value proposition (i.e. as a place to invest in, organise a conference or event in or to visit)					✓	✓	Perceptions research with key audiences in our target markets
	Pipeline - leads converted to active opportunities, opportunities won/landed (i.e. inward investment projects, capital investment projects, MICE/sporting events attracted, business recruited to the Partners West Midlands programme, travel trade ready/bookable tourism products created, key strategic firms recruited to our account management programme)					✓	✓	WMGC CRM
Lagging indicators	Jobs created by opportunities won/landed							WMGC CRM
	GVA/economic impact generated by opportunities won/landed							WMGC analysis
	Visitors attracted by tourism activity					✓	✓	Visitor surveys and STEAM model
	Economic impact of visitors attracted							
Strategic added value - cross-cutting themes/shared objectives	Jobs created by visitors attracted							
	Clean/green growth	Capital investment in low carbon real estate/infrastructure						WMGC CRM
		Attraction of key low carbon inward investment projects						Case study development
	Boosting productivity	Attraction of investment projects in high productivity sectors						WMGC CRM
		Closing the productivity gap in different areas of the region						Case study development
	Creating high quality jobs	Volume - jobs created per investment project attracted						WMGC CRM
		Value - attraction of key investment projects creating highly skilled/well paid jobs				✓	✓	Case study development
	Enhancing the region's value proposition	investors, globally important conferences and events, development of new infrastructure, real estate, cultural assets etc, helping to achieve perceptions shift and shift awareness, sentiment and consideration metrics						Case study development
Supporting the growth of the region's business base	Increasing confidence and positive sentiment among the region's top 500 businesses						Chamber, CBI, IoD, PMI surveys	

Objectives (based on identified priorities)	Alignment with WMGC service (s)	Headline outputs		Leading indicators	Impact/lagging indicators
Plan for Growth cluster development	Marcomms, Business attraction	Targeted marketing and comms campaigns	Sector propositions; sales missions	Web and social media traffic; perceptions shift in target markets; leads generated and converted to opportunities	FDI and UK investment projects; jobs and GVA
Regeneration of the Black Country	Marcomms, Capital attraction		Investor workshops; Investment Prospectus; MIPIM and UKREIIF		Capital investment projects, £ value and GVA
Attract major events and visitors to the region	Marcomms, Visitor attraction, MICE, sporting events		Prioritised target list; bids; sales missions		Events secured; visitors attracted; economic impact

Appendix 3

WMGC's proposed focus for 2023/24 and 2024/25 based on regional and local priorities

1. Delivering for the region

A strong focus for 2023/24 is about ensuring that there are sufficient resources in the region to **fully exploit the pipeline of leads** from the Business and Tourism Programme (currently nearly 2,300), thereby bringing significantly more investment, events and jobs into the region and maximising the economic legacy of the Games.

Activity will include **in-market and virtual events; targeted investor, event buyer, tour operator and sporting federation meetings; and in-region hosting and familiarisation visits** to key pan-regional sites, venues and facilities with the aim of meaningfully engaging with potential investors/developers/buyers/trade bodies and converting leads into landings.

Cross-region collaboration will be key to identifying premises to house new investors and to ensure that they have a soft landing. Our proposal includes a plan to expand the **Global Growth Programme** into Coventry and Wolverhampton in order to attract high growth, innovation-led small enterprises in our key sectors and to provide wrap-around support.

Our Industrial and Office Sites Mapping and Promotion Programme will identify current, short-medium term office and industrial sites and strategic employment sites available to potential investors. This online tool will provide an easy-to-access 'shop window' showing available sites and locations and their proximity to cluster/innovation assets.

Hosting the Commonwealth Games has put Birmingham and the region firmly on the map for hosting high-profile sporting events. A **strong pipeline of possible future sporting events** has been developed. Hosting these international federations and rights holders so that they can experience our cultural and tourism offer and visit venues with the capability of hosting their sporting will form a key part of our strategy to convert these opportunities.

Our **Conference Ambassador Network** will be key to landing events on our pipeline. We will seek to grow this network by recruiting more academics and business leaders from our key target sectors and from across the geography to help us promote our bids. Our **Convention Bureau** will continue to support this activity, ensuring that organisers and delegates receive the best possible experience, and that venues and partners can increase commercial revenue opportunities.

Through this proposal we will strengthen our dedicated and continuous **communications and promotion service** surrounding each LA area, which will aim to continue to positively shift perceptions of each area, positioning LAs as the rightful beneficiaries of new investment, major events, talent, amenities and visitors.

Whilst a key focus of our activity, especially in 2023/24, will be converting current leads into landings, it is also important that we continue to **increase visibility of the West Midlands internationally**, curating a positive image of the region and its many assets and opportunities. Strong relationships with investment intermediaries and tour operators in target overseas markets allows direct reach to potential investors and visitors, visitors which contributes to addressing outdated external perceptions and to **build our pipeline**.

We will undertake a **Global West Midlands Campaign** which will focus on a small number of high-priority markets identified through the West Midlands International Strategy. We will work with partners to deliver **international missions with a significant presence at both overseas and domestic events** to promote investment opportunities and the potential to host business conferences and events. These missions and event attendance will be backed by refreshed investment narratives that **showcase local and regional priorities**.

This activity will support the establishment of new relationships with investors, developers, event buyers, travel trade and sporting federations.

Through this pipeline development, we will work with LAs and our partners to maximise the potential of **well-established conference venues** such as the ICC and NEC. We will also seek to **build the offer** in other areas, for example by establishing Wolverhampton and Coventry as regional locations for business events.

Our proposal sees WMGC continuing to work with partners to create and promote a **compelling visitor proposition**. We will continue to engage with the travel trade through sales missions, delegate hosting and product development. A key element of this will be developing more **bookable products** that enable the West Midlands' leisure offer to be sold by tour operators to the benefit of local businesses, for example with the Black Country Living Museum, St Mary's Guildhall, The Halls and The Roundhouse.

Visit Britain (VB) has endorsed our proposal to become an accredited **Destination Development Partnership (DDP)** for the region. This would enable us to continue to work with VB and their international teams to the benefit of the regional visitor economy, connecting local authority and DMO partners with robust research, data, insight and capacity building, to help develop local destination plans for Wolverhampton and elsewhere.

We will also work with stakeholders to open up more **direct flights** to and from Birmingham Airport, for example in Indian and North American markets.

WMGC will work with LAs to establish a **Strategic Relationship Management** programme to engage with the 'top 500' employers in the region.

We also intend to grow our commercial partner network, **Partners West Midlands**, so that it better reflects our key sectors and has a fuller geographical coverage. Combined with our relationships with strategic employers and universities, it will enable WMGC to provide the region with current insight on the opportunities and challenges they face.

2. Delivering Local Priorities

LAs have identified a number of **"gearshift" interventions** which will have a major impact on the local area and the wider region. WMGC will help to support the delivery of these in a number of ways, for example by bringing together partners from across the private, public and academic sectors to drive them forward. Examples of these projects include Our Future City Plan (Birmingham), Coventry's vehicle electrification and smart mobility ambitions, the Black Country Innovation Manufacturing Organisation, the Health Innovation Campus in Arden Cross in Solihull, the Green Investment Corridor in Wolverhampton and opportunities

around energy and battery storage farms in Sandwell. Further discussions will be had with LAs to identify other significant opportunities.

Discussions with LAs on their priorities has highlighted the importance of capital attraction. We are therefore proposing to upweight resource in this area so that we have **more capacity to increase the flow of capital** into the West Midlands in order to meet the growing demand for more homes, transport infrastructure and new employment space for people and businesses across the region.

LAs have highlighted their priorities in this space in relation to **sites** (such as West Bromwich Town Centre, Sandwell residential sites, Birmingham private sector rented (PRS) sites and Wolverhampton Commercial Zone) and also **sectors**, for example town centre residential, affordable housing, commercial retrofit and low carbon. Our proposal is to grow our **Investor Showcase Programme** to identify and broker relationships with the right investment and development parties in order to bring forward new housing, commercial and employment products that meet the specific needs of each LA. This may be undertaken through **bi-lateral discussions** with investors and developers or through **workshops** where we would bring together interested parties so that they can understand more about the opportunities that exist, e.g. around Walsall, Dudley and Sandwell.

We are proposing to initiate a dedicated programme of activity to illicit **fresh investor market interest** in areas of the region which have hitherto seen limited demand. This will bring together a multidisciplinary panel of experts to identify thematic and sector-specific challenges and solutions, such as industrial decarbonisation and commercial retrofit bringing fresh insights to assist targeted promotion. This focus will complement the activity undertaken by the WMCA in relation to brownfield sites.

The need to increase **hotel provision** has been identified as a priority for a number of the LAs, including Birmingham, City of Wolverhampton and Dudley. We will work with LAs to undertake research to assess demand and viability and plan a targeted programme to attract new and additional operators to the region.

Our proposal will support the continuation of our **Public Sector Relocations Programme** which aims to strategically and proactively engage with Government departments, agencies and decision-makers to ensure that the region is fully considered for upcoming opportunities. We will work with LAs to develop a pipeline of regional opportunities we can seek to deliver.

Exploiting our regional innovation strengths has come through as a theme for partners. We will create a **cross-sector innovation narrative** for the region that highlights the breadth of our world-class innovation assets to enable us to better leverage the significant scale of the offer and therefore support the acquisition of more high value investment. We will also seek to leverage the FDI potential of the **Innovation Accelerator** projects.

There are also significant opportunities in LA areas to use **innovation as a driver for transformation**. For example, the collaboration between the Dudley MBC, Black Country Innovation Manufacturing Organisation, WMG, University of Warwick and the MTC which WMGC has helped to catalyse through its contacts with the academic and private sectors. We would seek to foster more of these collaborations to drive growth in local economies.

LAs have identified growing the visitor economy as a key priority. Support that the WMGC will provide includes **maximising the impact of renowned attractions** such as the Merlin Group's Legoland Discovery Centre, Cadbury World and The Herbert Art Gallery; **exploiting the opportunities presented by new and under-utilised attractions** such as the Sandwell Aquatics Centre and Walsall's New Art Gallery; **supporting boutique attractions** including the Leather Museum, the Pen Museum, Red House Glass Cone and The Barber Institute; and **growing demand for experiences** including urban boating and kayaking, walking tours, cookery and home share opportunities on platforms including Airbnb.

We will also work with LAs and partners to increase the number of **overnight stays** amongst those who attend the NEC consumer and trade shows, the **strong stadium offers** of CBS and Utilita, **sporting events** at our football clubs and Edgbaston, and **experiences** such as Peaky Blinders nights at the Black Country Living Museum.



Appendix 4

Efficiency Reviews for Q4 2022/23

Area	Activity to be undertaken
1. Purchase / Procurement	Streamline processes to reduce handoffs and process approval time, reducing resource time
2. Internal assurance	Creation of a simplified assurance process for auditing and review to reduce resource and cost
3. How we engage stakeholders	Review current working practices to create a more streamlined and efficient engagement
4. Reporting type and cycle, systems and KPIs	Agree consistent dashboards and reporting packs in a structured reporting cycle – reducing time and resource. Automation and reduction in 3 rd party costs
5. Admin/Business support and role (including meet and greet, meetings, travel, templates etc)	Reduction of admin burden on delivery staff, freeing up resource time
6. Data Management and process (including data stewards)	Create a data strategy and plan to manage data – including cross shareholder data sharing agreements to reduce time and duplication. Automate where possible.
7. Synergies (process handoffs – detailed processes) internal and external	Map regional processes, lifecycle management and handoffs to avoid duplication and resource burden. Automation where possible.

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Economic Growth Board

Date	Wednesday 15 th February 2023
Report title	Commonwealth Games Legacy Fund: Economy, Trade and Tourism pillar
Portfolio Lead	Cllr Ian Brookfield Leader, City of Wolverhampton Council WMCA Portfolio-Lead, Economy and Innovation
Accountable Chief Executive	Laura Shoaf – Chief Executive, WMCA Email: laura.shoaf@wmca.org.uk
Accountable Employee	Dr Julie Nugent – Executive Director, Economic Delivery, Skills and Communities, WMCA Email: julie.nugent@wmca.org.uk
Report has been considered by	<ul style="list-style-type: none"> • <i>Portfolio Leads for Economy & Innovation and Jobs & Skills – 1 Feb</i> • <i>Directors of Economic Development (by email) – 2 Feb</i> • <i>Finance Directors – 9 Feb</i>

Economic Growth Board is recommended to:

1. Note the role of the Economic Growth Board in advising on the content of the £38.9m Commonwealth Games Legacy Fund “Economy, Trade & Tourism pillar” and its ongoing role in monitoring the impact of activity.
2. Note the work undertaken with Directors of Economic Development and the West Midlands Growth Company to develop details of the indicative delivery programmes originally set out in the WMCA Board paper on 16 December 2022.
3. Agree to recommend to the WMCA Board (17 March) that the pillar includes the five amended delivery programmes set out in paragraph 2.11.
4. Provide direction on the preferred approach to addressing the current overprogramming across the pillar, as set out in paragraph 2.12.
5. Note the next steps ahead of the WMCA Board making a final decision on the pillar on in March 2023 on allocation of funds in the pillar.

1. Purpose

- 1.1. This report explains:
- the background of the Commonwealth Games Legacy Fund and the role of the Economic Growth Board in leading the Economy, Trade and Tourism Pillar.
 - the principles governing use of the fund and how they have been determined.
 - the five strands of the Economy, Trade and Tourism Pillar, how they have been developed with partners and the funding asks associated with each.
 - approaches to ensuring the total asks (£48.55m) can be accommodated within the pillar's funding envelope (£38.9m).
 - the next steps of decision-making, including the WMCA Board on 17 March and subsequent Single Assurance Framework process for business cases.

2. Information

Background to the Commonwealth Games Legacy Fund and double devolution

- 2.1 There is unspent contingency funding from the Birmingham 2022 Commonwealth Games (CWG) which the Department for Culture, Media and Sport (DCMS) has indicated it will allocate to WMCA to spend on a CWG Legacy Programme across 2023/24 and 2024/25.
- 2.2 On 18 November 2022, the Mayor and Portfolio Leaders considered a proposal to DCMS. That proposal was the basis for a decision by the WMCA Board on 16 December to agree a Legacy Fund approach of four thematic programme pillars and the governance and decision-making processes under which they will be managed.
- 2.3 The four thematic pillars of the CWG Legacy Fund are:
- a. Economy, trade and tourism (£38.9m)
 - b. Culture and heritage (£4.07m)
 - c. Inclusive communities (£20.8m)
 - d. Wellbeing and sustainability (£4.07m)
- 2.4 These pillars are based upon the original themes of the 2022 Commonwealth Games Legacy Plan. They are interdependent and relate to existing regional and local strategies, such as the [West Midlands Plan for Growth](#) which supports and is in strategic alignment with the 'Economy, trade and tourism' pillar. Development of each pillar draws upon strategies and priorities shaped by partners across the region, and there will be significant elements of open bidding calls, community-led proposals and tendered activity right across the Fund's activities.
- 2.5 The Business and Tourism chapter of the Legacy Plan aspired for the Games to leave "a lasting imprint on jobs, skills, education, and culture and embedding positive perceptions of the West Midlands." The strapline "One region, many worlds" reflected the diversity of the places in the region, but also the single vision of achieving a sustained economic legacy across all parts of the West Midlands reaching to 2027 and beyond. This means better outcomes for people, places and businesses, reflecting Games legacy objectives and regional and local economic priorities, such as the levelling-up of economic

performance across the West Midlands and investment in local and regional capacity. Specific deliverables will be tailored for each type of project and beneficiary.

- 2.6 While WMCA will be the accountable body for the CWG Legacy Fund, we anticipate that Legacy Fund programmes will be delivered by different organisations, best suited to the programmes in question. Following discussion with the Portfolio Leads, there is a steer to ‘double devolve’ some aspects of this funding (such as tourism and events, and jobs and skills) within a coherent regional approach. This ensures that local authorities have the capacity and capability to work in conjunction with specialist partner organisations like the West Midlands Growth Company to secure benefits right across the region.

Role of the Economic Growth Board

- 2.7 The WMCA Board agreed that the detail of the Economy, trade and tourism pillar would be shaped by the Economic Growth Board, led by the WMCA portfolio leads for economy & innovation (Cllr Ian Brookfield) and jobs & skills (Cllr George Duggins).
- 2.8 As well as providing advice to the WMCA Board on the content of the Economy, Trade and Tourism pillar, the Economic Growth Board will also oversee the delivery and impact of programmes over the duration of the Legacy Fund to March 2025 and beyond.
- 2.9 The 16 December WMCA Board paper described five illustrative delivery programmes, reflecting a balance of activity across the economy, trade and tourism pillar. These are set out below, along with information about leadership and any associated commitments:

Pillar and Leadership	Illustrative delivery programme	Notes and links
Economy, trade and tourism (£38.9m) Portfolio Lead: Cllr Brookfield Cllr Duggins WMCA Exec Director: Julie Nugent	(i) Trade and Investment, to include maximising pipeline conversion of Business and Tourism Programme.	The West Midlands Growth Company has led the development of these strands, working with local authorities on capacity needed across the WMGC and local authorities. The strands have been combined into a single ‘trade and strategic tourism’ package. There are some links between local tourism activity and the culture and heritage pillar.
	(ii) Tourism strategy and campaigns.	The WMCA Board resolved in December 2022 to commit at least £3.4m of the Legacy Fund economy pillar to the WMGC to provide it with a viable level of funding. This connects to the direction of the WMGC Review (see Item 10).
	(iii) Intensive support for high-growth SMEs	The WMCA has led the development of this programme, working with the local authority business support officers’ group. This connects to the accelerated delivery of the West Midlands Plan for Growth (see Item 6).

	(iv) Supporting major events in the West Midlands, including the European Athletics Championships	<p>Leadership of this programme has been split given the size and complexity of emerging asks:</p> <ul style="list-style-type: none"> • West Midlands Growth Company, working with local authorities, has developed the proposition for major and local events, including double-devolution. • Birmingham City Council have led the proposal for the hosting of the European Athletics Championships.
	(v) Wider jobs and skills legacy	<p>WMCA has led this programme, working with the local authority employment and skills officers group.</p> <p>This includes double-devolution connected to the employment challenges set out in Item 7.</p>

Development of options and funding options

2.10 Following the WMCA Board resolution in December 2022, the WMCA convened local authority Directors of Economic Development and the West Midlands Growth Company to develop more detailed proposals across the strands set out above. They:

- Suggested setting ‘strategic fit’ criteria which will ensure that all projects meet the Legacy Fund objectives and wider economic strategy priorities. This is provided as **Appendix 1** and stresses the importance of investment being used to level-up outcomes for businesses and communities right across the region.
- Discussed the balance of funding between the pillar’s programmes, with an indicative direction – but not a decision – that around 50% could be spent on the business-facing elements across activities (i), (ii) and (iii); around 30-40% on major events and the European Athletics Championships; and between 10 – 20% on jobs and skills legacy.
- Agreed the leadership of each of the strands, with details to be developed in consultation with local authorities and using groups like the business support officers’ group and employment and skills officers’ group.
- Emphasised that it is vital to connect the work of the economic pillar with the others. This will be achieved by overall portfolio leadership by WMCA’s Director of Strategy, Integration and Net Zero, with an overview by the Mayor and Met Leaders group.

2.11 Each programme lead has produced an initial, high-level proposal following consultation with local authorities. These have been shared with Directors of Economic Development and are summarised in the table below. The total approximate cost of the proposals is £48.55 million. This does not include the £2m which Birmingham City Council proposes spending on grassroots sport as a requirement of the European Athletics Championships. The WMCA intends to build grassroots sport across the West Midlands into the scope of the Inclusive Communities pillar grants programme.



Delivery programme		Lead	Proposed investment (£ million)	Summary of activity (details of high-level outputs is attached as Appendix 2)
1	Trade, inward investment and strategic tourism	WMGC in conjunction with local authorities	15.850 (inc. 3.4 already committed)	<ul style="list-style-type: none"> £14.1m to WMGC to maximise pipeline conversion of Business and Tourism Programme (inc £3.4m already committed) Inc. £1.750m to develop local capacity aligned to Global West Midlands priorities in all parts of the region (ie: £250k double devolved to each local authority). Funding to support the Destination Development Partnership, included in devolution discussions with DCMS.
2	Delivering on Plan for Growth and support for high-growth regional businesses	WMCA in conjunction with local authority business support group	5	<ul style="list-style-type: none"> Business support programme for high growth firms across the region Development programme for businesses in supply chains Other enabling capacity for Plan for Growth
3	Major events in the West Midlands	WMGC in conjunction with local authorities	10	<ul style="list-style-type: none"> Major events investment fund for bidding and hosting support with: <ul style="list-style-type: none"> £8m to support major events (i.e. those requiring at least £250k of support) across the region – likely to support up to 5 events. £2m double-devolved to support local events up to £250k - likely to support up to 8 events..
4	European Athletics Championship 2026	Birmingham City Council	11.7 - Economy pillar + 2 - Community pillar (£13.7m Total)	<ul style="list-style-type: none"> Part of an overall delivery cost of £30.835m to host the Championships, Complimented by £2m for grassroots sport This is part of a revenue swap arrangement to allow reallocation of BCC funds recognising funding window restrictions. In the event the ask from the Community pillar is not forthcoming the Economic pillar cost increases by £2m.
5	Wider jobs and skills legacy – helping people in the West Midlands benefit from CWG legacy and attendant economic growth	WMCA in conjunction with local authority employment and skills officer group	6	<ul style="list-style-type: none"> Regional careers programme for the under 30s Mentoring for young people seeking work with mental health concerns Targeted jobs support Young adult bursaries
Total			48.55m	

- 2.12 As this exceeds the £38.9 million allocated for the economy, trade and tourism pillar by £9.65 million, the Economic Growth Board has the following options:
- a) Continue with the broad allocations set out above to deliberately over-programme the pillar at this stage. Costs will be reviewed as business cases are developed and programmes are delivered, with an opportunity to cover for any delayed mobilisation. The risk with this option is that if costs do not fall in business cases or are delayed in delivery, there will not be sufficient funding and in-delivery cuts will be required, with advice from the Economic Growth Board. This can be mitigated by managing spend across broader business and skills programmes, including the UK Shared Prosperity Fund, to profile funding to maximise impact in line with regional priorities.
 - b) Seek to reduce the programme costs to within the £38.9m funding envelope ahead of the decision by WMCA Board on 17 March. This can be achieved by either:
 - i. Removing one of the delivery programmes. This would see all of the programmes again be validated for their alignment to the legacy plan and overall strategic fit with criteria in **Appendix 1**. The risk is that the WMCA Board agreed to the pillar involving activity across all programmes, and each is important to securing the economic legacy from the Commonwealth Games and acting on regional economic priorities.
 - ii. Maintaining all programmes but reduce funding in each by a similar amount (say 15%). The risk is that some programmes may be more impactful than others, so a blanket approach may be too blunt. Also, some activities might be not scalable and already on the margins of viability, but this is not thought to apply to any of the project.
 - iii. Making targeted cuts to some programmes only. This would require further work to identify options, which will be presented to the Mayor and Met Leaders meeting on 3 March. As such, the Economic Growth Board could ask programme leads to model a scenario based on receiving 75% of proposed funding.
- 2.13 Additionally, the Leader of Sandwell Metropolitan Borough Council has written to fellow Council Leaders and the Mayor highlighting the significant threat to delivering the legacy facility Aquatics Centre because of changed economic conditions; especially the huge increase in utility costs which impact on the ability of Sandwell Council to operate this facility fully. The Council has asked that it is not left to bear the costs of these external market pressures alone and, therefore, that £2m is allocated to mitigate those additional costs. This additional £2m cost is not currently incorporated into the draft pillar portfolio set out in para 2.11 above. The Economic Growth Board may wish to consider doing so, which would add a further £2m cost pressure. While this ask doesn't fit within the five indicative programmes set by the WMCA Board for the economy pillar, there may be opportunity within the smaller Health and Wellbeing and Community pillars.

Next steps

- 2.13 Following the direction of the Economic Growth Board, the economy, trade and tourism pillar investment will be formalised through two processes, run in parallel:
- Overall agreement of the Legacy Fund by WMCA Board (17 March):

- The formal decision about the overall Commonwealth Games Legacy Fund priorities, subject to successful business cases.
- This is based on advice from sub-boards like the Economic Growth Board, as well as input from the Mayor and Met Leaders meeting on 3 March.
- Investment Board approval of business cases for each programme as required by the Single Assurance Framework:
 - Development of the business cases is underway for the programmes set out above.
 - Assuming the relevant programme is included in the Legacy Fund portfolio, business cases will be considered by Investment Panel around 27 March.
 - The Investment Board will decide on business cases on 13 April.

3. Financial Implications

- 3.1 The financial implications as currently understood are set out within the main body of this report.
- 3.2 The CWG Legacy Fund will be subject to the Single Assurance Framework to provide assurance over financial spend plans and value for money. These will be developed as part of later stages of the process.

4. Legal Implications

- 4.1 There are no immediate legal implications as a direct result of this report.
- 4.2 Any grant agreement between the WMCA and the grant recipient/s will have to be drafted back-to-back to the DCMS Funding terms and conditions to ensure that all funding obligations placed on WMCA in relation to receipt of the funding are passed down to the grant recipients delivering the services. The funding agreements between WMCA and any recipient of grant funding should be agreed and signed by both parties before funding is released.

5. Equalities Implications

- 5.1 Included within the broad principles behind the design of proposals agreed by Directors of Economic Development was a focus on addressing inequalities identified by the Race Equality Taskforce, including those for women, disabled people and people from disadvantaged socio-economic backgrounds in the West Midlands. The business cases will need to address the strategic requirements set out in **Appendix 1**.

6. Inclusive Growth Implications

- 6.1 The prioritisation for the CWG Legacy Fund around the Economy, Trade and Tourism Pillar will contribute to the region's inclusive growth framework fundamentals in line with our inclusive economy priority to ensure economic prosperity reaches into the homes across the WMCA area and improving training and skills in line with the education and learning

fundamental. The business cases will need to address the strategic requirements set out in **Appendix 1**.

7. Geographical Area of Report's Implications

7.1 The implications of the CWG Legacy Fund will cover all of the West Midlands Combined Authority.

8. Other Implications

None

9. Schedule of Background Papers

- WMCA Board report - Dec 2022

Appendix 1 – Criteria to ensure the strategic fit of proposals

Priority	Detail
Regional Economy	<p>The programme helps level-up economic performance in the West Midlands by strengthening local and regional capacity and capability to:</p> <ul style="list-style-type: none"> • Boost inward investment right across the region, including in primary and nascent clusters in the West Midlands Plan for Growth. • Create and/or safeguard good quality jobs across the region, including supporting high-growth firms in clusters prioritised in the West Midlands Plan for Growth. • Broker new international relationships and trade opportunities for regional businesses. • Raise the national and international profile of the region and its major assets in places throughout the region. • Strengthening the capacity and coherence of the West Midlands tourism to see a sustained increase in domestic and international visitors. • Ensuring residents have the skills, training and support to secure employment.
	<p>The programme supports inclusive growth and tackles wider societal challenges across the region detailed in:</p> <ul style="list-style-type: none"> • The #WM2041 commitment to be carbon neutral by 2041 • Growing the Social Economy in the West Midlands • Addressing inequalities identified by the Race Equality Taskforce. • Addressing established inequalities including those for women, disabled people and people from disadvantaged socio-economic backgrounds in the West Midlands
Value for money and sustainability	<p>The programme details how it will work alongside private investment to support the delivery of outputs and outcomes.</p>
	<p>The programme details how it will lever additional public investment to support the delivery of outputs and outcomes.</p>
	<p>The programme describes how it will sustain its activities, impacts and track benefits beyond the timescales of the Legacy Fund.</p>



Collaboration	The programme demonstrates how it will bring together local authorities, public and academic partners and business across all parts of the West Midlands to enhance project outcomes and deliverables. As appropriate, this may also apply to partners outside of the West Midlands with justification.
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Appendix 2 – Summary of illustrative project outputs

Programme		Cost (£ million)	High level initial outputs
1	Maximising pipeline conversion of Business and Tourism Programme	15.850	<ul style="list-style-type: none"> • 117 inward investment project wins • £299 million GVA through project wins • 2.07 million visitors • £205 million impact from tourism • 2052 jobs through tourism • £250k capacity funding for each local authority to support tourism and investment
	Local capacity to respond to inward investment leads in all parts of the region.		
	Funding to support the Destination Development Partnership, included in devolution discussions with DCMS		
2	Business support programme for high growth firms across the region	2.5	<ul style="list-style-type: none"> • 150 business assists • GVA growth of £45 million
	Development programme for regional businesses in supply chains	2	<ul style="list-style-type: none"> • 150 business assists • 90 businesses investing in new R&D
	Other enabling capacity for Plan for Growth	0.5	<ul style="list-style-type: none"> • Attract additional public funding
3	Major events (i.e. those requiring at least £250k of support) across the region	8	<ul style="list-style-type: none"> • Up to 5 new major events
	Local events up to £250k.	2	<ul style="list-style-type: none"> • Up to 8 new local events
4	European Athletics Championships 2026 in Birmingham	11.7*	<ul style="list-style-type: none"> • Deliver 7-day international athletics championships, including direct employment of staff during the planning and delivery of the Games. • Complete Alexander Stadium improvements and Perry Park regeneration. • The overall programme projects an economic benefit of over £30m.
5	Young adult bursaries	1	<ul style="list-style-type: none"> • 1000 young people supported to complete pre-apprenticeship training and access apprenticeships
	Regional careers programme for the under 30s	1	<ul style="list-style-type: none"> • 10,000 young people supported through careers interventions
	Mentoring for young people seeking work with mental health concerns	1	<ul style="list-style-type: none"> • 2,000 young people with mental health challenges supported
	Targeted jobs support	3	<ul style="list-style-type: none"> • 500 to 1000 people supported through locally based jobs support.
Total		48.55m	

* In the event the ask from the Community pillar is not forthcoming the Economic pillar cost increases by £2m.



Economic Growth Board

Date	Wednesday 15 February
Report Title	UK Shared Prosperity Fund (UKSPF) Year 1 Spends - Local Allocations (Community and Place) and Business Support Update
Portfolio lead	Councillor Brookfield Portfolio Holder for Economy and Innovation
Accountable Chief Executive	Laura Shoaf, Chief Executive, WMCA
Accountable Employee	Dr Julie Nugent, Executive Director for Economic Delivery, Skills and Communities, WMCA
Report has been/will be considered by	West Midlands Finance Directors (27/2)

Economic Growth Board are recommended to:

- i. Note the latest forecast position of projected spend against the year 1 allocations to local authorities for the Communities and Place pillar.
- ii. Agree we continue on the current flight path with plans in place in utilise all year 1 funds for this pillar.
- iii. Consider the options set out in the event of underspends in year 1 for the communities and place pillar. (set out in section 2.5).
- iv. Note the latest forecast position of projected spend against the year 1 for the Business Support pillar.
- v. Agree we submit a credible plan to carry forward funds from year one for this pillar.
- vi. Agree to delegate authority for the approach/decisions on year 1 underspends to the Executive Director of Economic Delivery, Skills and Communities and Executive Director of Finance and Business Hub, in consultation with West Midlands Finance Directors.

1. Purpose

- 1.1 This report note sets out the latest forecast of projected spend against the year 1 allocation of UKSPF against Local Authorities Communities and Place allocations as compiled from the latest returns. It also provides a potential approach in the event of underspends in this area and an update on the current position in getting legal agreements in place between WMCA and Local Authorities.

- 1.2 It also updates the position for the year 1 allocation for the business support pillar and recommends that a credible plan is submitted to carry forward the spend into year 2 in line with agreed activity profile.

2. Year 1 Projected Spend Update – Communities and Place

- 2.1 Projected local authority spend for year 1 is currently forecast at **£5,150,000.00 against a total allocation of £5,150,000.00** (excluding the 4% management fee for y1 of £429,166.80 which will be spent but is also able to be carried over). These forecasts have been based on revised spend profiles provided by LAs during January. Further detail on each LA position is provided in Annex A and B. Therefore, at this point in time, there are no underspends against the Communities and Place year 1 local authority allocations.
- 2.2 WMCA will continue to work with local partners to monitor delivery and spend of local allocations to ensure this remains on track. Given this current position, our assumption that this year 1 funding will be spent.
- 2.3 If underspend in this area does become a risk we have a range of options that could be used to mitigate against this (not mutually exclusive) including:
 - If over £1m develop a ‘credible plan’ for Community and Place year 1 underspends for submission to government.
 - If forecast underspend is less than £1m - look across LAs to ascertain if there is other spend they could draw down against this – where outcomes are aligned – ie. viring between LAs. This would then avoid the need to produce a plan to government for rollover of funding. (This approach is set out in the table below.) It may mean that some LAs would have less funds and some more for the year.
 - Submit a ‘credible plan’ for communities and place underspends in year 1, regardless of amount.

3. Year 1 Projected Spend Update – Business Support

- 3.1 Following the allocation of UKSPF – business support, Directors of Economic Development preferred solution was to spread the total business support UKSPF equally over years 2 and 3 giving a spend profile for business support utilising UKSPF of 0:50:50. However, following conversations with DLUHC and other stakeholders, it was agreed to include some allocation in year 1 that would support mobilisation of activities.
- 3.2 In line with this solution there will be no spend in year 1 and spend will be carried forward into year 2 through submission of a credible plan.
- 3.3 Commissioning activity has commenced and following co-design with LAs, two regional tenders have been developed and are expected to be published imminently. This amounts to 6.8M of activity that we anticipate will be contracted by 31 March 2023. These tenders will include a break clause at 31 March 2024 should year 3 allocations not be forthcoming. There are also confirmed plans to allocate 3.2M to the West Midlands Growth Company to deliver FDI and Internationalisation support.
- 3.4 Proposals for locally-embedded business advisor roles and grants programmes will be included in the back-to-back agreements for year 2 and are expected to be agreed by mid-February. This will lay out spend profiles for individual LAs.
- 3.5 A breakdown of year 2 activity and spend has been discussed with FDs at their meeting on 1st February 2023 and is included at Annex D.

Contracts Update

- 3.5.1 The Back to Back Funding Agreements for Communities and Place UKSPF have been issued to local authority partners. This includes confirmation of year 1 funding, a delivery schedule and a UKSPF Operational Plan. (The Operational Plan provides further technical guidance to partners including requirements for monitoring and evaluation, performance reporting, branding and publicity, change requests and management of underspends and underperformance.)
- 3.6 The management of underspends and underperformance aligns with the principles as set out and agreed by WM Finance Directors in November 2022 (**Annex C**) and is based on full years spend profile. The Operational Plan was shared and agreed with WM Finance Directors at their meeting on the 27th January.
- 3.7 The West Midlands Investment Plan for UKSPF is set out in **Annex B**. This has been developed with the support of officers from across each local authority and LEP. The plan is deliberately high level, setting out the broad priorities and outcomes that we want to achieve, but leaving us with sufficient flexibility to respond to changing needs.
- 3.8 We have ensured as far as possible we have aligned other investment such as AEB and Multiply to increase the overall level of targeted investment in the region.
- 3.9 The Investment Plan and this covering paper have yet to be discussed by the Finance Director's Board. This will take place on 22 September, and verbal feedback will be presented to EGB on the 23 September.

4. Financial Implications

- 4.1 There are no immediate financial implications arising from this report. Should year 1 underspends be identified the WMCA and West Midlands Finance Directors will be asked to consider options as set out in this report.

5. Legal Implications

- 5.1 There are no immediate legal implications as a direct result of this report. Legal will continue to advise on the preparation of the back-to-back funding agreements.

6. Equalities Implications

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

7. Inclusive Growth Implications

- 7.1 There are no immediate inclusive growth implications arising from this report.

8. Geographical Area of Report's Implications

- 8.1 The report covers the 7 West Midlands Combined Authority metropolitan areas.

9. Other implications

- 9.1 None.

Annex A: Forecast Position – Communities and Place

During January each LA has refreshed and returned their projected spend, outputs and outcomes.

All LAs expect to deliver their full allocation and have provided proposals to summarise the activity that will deliver this.

Coventry have advised that the capital refit programme of work they are looking to undertake may be subject to delays and other partners have flagged some potential risks given the short delivery window in year 1, which could impact proposed year 1 spends.

The table below sets out the proposed condensed approach to managing any underspends in year 1 in the event that these emerge.

Timescale	Actions
6th January	Local authority partners to provide year 1 programme level breakdown including but not limited to interventions, outputs, outcomes and financials including any potential underspends.
w/c 9 th January – 20 th January	WMCA to review returns against the WMCA UKSPF Investment Plan, MoU and year 1 funding award and carry out clarification meetings with local authority leads as required. Underspends identified during this stage will be logged with WMCA Finance Directors.
31 st January	Local authority partners to provide 3-year programme and individual project level breakdowns, including but not limited to interventions, outputs, outcomes and financials.
w/c 13 th February	WMCA SPF Programme Team to hold first performance review meeting, to review progress against the year 1 plan and delivery activity as set out in the Grant Funding Agreement Schedule. Local authorities will be asked to confirm forecast slippage and/or underspend is anticipated and provide confirmation of mitigation plans in place to manage these.
w/c 13 th February	The WMCA SPF Programme Team will engage with local authorities in order to compile a list of potential projects that could deliver against the year 1 interventions, outputs and outcomes as set out in our UKSPF Investment Plan (a template will be issued for this).
w/c 6 th March	WMCA SPF Programme Team to hold second performance meeting to review year 1 delivery progress and actual spends. Local authorities will be asked to confirm any underspends.
16 th March	All year 1 underspends will be totalled and reported the WMCA Finance Directors including a summary report of delivery and performance data for all local authorities to date and the list of potential alternative projects. Finance Directors will be asked to agree for underspends to be allocated to other local authorities and will undertake a review and agree which of the proposed projects can be supported.
w/c 3 rd April	Local Authorities are asked to submit a final year 1 M&E return including financial evidence to the WMCA and clarification meetings will be held.

Furthermore, our total year 1 allocation as per our funding award letter from DLUHC splits capital and revenue as £3,593,755 Capital and £7,135,415 Revenue. Based on the returns received from local authorities for communities and place our year 1 profile sees a slight change in this breakdown, this is set out below based on the proposed spend for year 1:

Investment Breakdown	Year 1 WMCA Allocation from Gov			Year 1 LA Proposals Jan 23		
	Total	Capital inc 4%	Revenue inc 4%	Total	Capital	Revenue
Community and Place	£5,150,001	£3,047,079	£2,193,247	£5,150,001	£3,420,622	£1,729,379

Business Support	£5,150,001	£546,676	£4,942,168	£5,150,001		
Management Fee	£429,167			£429,167		£429,167
Totals	£10,729,169	£3,593,755	£7,135,415	£10,729,169	£3,420,622	£2,158,546

Local Authority proposals indicate an increase in the capital % for Year 1. This does not present any risk as is within the minimum 10% capital threshold and in line with MoU guidance on revenue spend. This is set out below:

- UKSPF capital grant funding, as set out in grant determinations, may be used only for capital expenditure.
- UKSPF revenue grant funding may be used for revenue or capital expenditure, in line with the Lead Local Authority's accounting practice.

Finally, the WMCA SPF Programme Team are currently carrying out a full review of local authority year 1 returns against UKSPF Investment Plan interventions, outputs and outcomes. Whilst outputs and outcomes are profiled over the full 3 years of the programme, there are requirements for the WMCA to report progress against these. Noting additional guidance on trigger points for performance related activity from DLUHC is as follows:

- DLUHC approval will only need to be sought when "material changes" are made to UKSPF Investment Plans, "material changes" are as follows:

Material change 1:

A post investment plan approval request for administration costs to exceed the percentage agreed in a lead local authority's investment plan.

Material change 2:

Moving funding between investment priorities if the change involves moving 30% of the total funding allocation over the three years or £5m whichever is lower. Any funding moved from an existing intervention to fund a bespoke intervention would also require approval.

Material change 3:

If the indicative outputs are expected to drop from what had been set out in the original investment plan submitted to DLUHC, within the following parameters:

- In lead local authorities with a total UKSPF allocation above £1.5m it would constitute a material change if the total outputs set out in the investment plan were forecast to drop by 20% or more against an investment intervention.
- In all lead local authorities, if the outputs forecasted have dropped by more than 40% against an investment intervention since the original investment plan was submitted.

Changes made that fall beneath the thresholds above do not need DLUHC approval. However, lead authorities are required to provide updates on changes to DLUHC as part of our regular reporting cycle. If thresholds above are crossed, DLUHC would consider the change "material" and formal approval would be required from the department before a lead authority could make these changes.

At this time, based on the outcome of the initial review of year 1 returns against the profiled outputs and outcomes in our UKSPF Investment Plan, and the trigger points noted above, we do not envisage a requirement to seek approval from government, noting current proposals have not dropped by 20% or more.

A summary of Local Authority proposals and spend for year 1 is provided in the tables at annex 2.

Annex B: Summary of LA proposals and Spend (as at 17/1/23)

Birmingham

Investment Breakdown	Year 1 WMCA Allocation			Year 1 Local Authority Proposals Jan 23		
	Total	Capital	Revenue	Total	Capital	Revenue
Birmingham						
Community and Place	£2,118,950	£1,330,910	£788,040	£2,118,950	£1,738,950	£380,000
Against allocation	£0			£0	£-408,040	£408,040

Year 1 Focus will be to support and strengthen community infrastructure across Birmingham to ensure that neighbourhoods can survive the cost of living crisis and ensure future delivery of activities and energy efficiency measures. Local groups supported by the NDSU to develop and deliver action plans that create sustainable, safer, stronger neighbourhoods.

- Moseley Road Baths - this is a project focussed on saving a Grade II heritage site to prevent it from closing and it can be used as both a functional building for recreation as well as tourism.
- Ward End Park & Lakeside renewal project - focuses on the improvement to the Dolphin Centre located within the park. Including improvements to 6h of land
- Abbey Fields, Erdington - Reconstruction of the multiuse games court and creation of a new grass pitch
- Public realm works to be carried out in improving the city centre and BID areas as well as Victoria Square. Upgrade to walkways and public spaces to attract visitors and improve the overall look of the area.
- Grant support for local cultural activity / events that animate community spaces, bring residents together and celebrate the diversity of Birmingham's neighbourhoods.

Coventry

Investment Breakdown	Year 1 WMCA Allocation			Year 1 Local Authority Proposals Jan 23		
	Total	Capital	Revenue	Total	Capital	Revenue
Coventry						
Community and Place	£660,101	£495,076	£165,025	£660,101	£660,101	£0
Against allocation				£0	£-165,025	£165,025

Relocation of existing Job Shop due to City Centre redevelopment. Job Shop will serve as the 'hub' for CCC 'Hub and Spokes' delivery model.

New job shop to be set up - new location requires significant re-fit to make fit for purpose. This includes ensuring the space is designed with partners to encourage effective 'hub' use.

Dudley

Investment Breakdown	Year 1 WMCA Allocation			Year 1 Local Authority Proposals Jan 23		
	Total	Capital	Revenue	Total	Capital	Revenue
Dudley						

Community and Place	£545,674	£350,674	£195,000	£545,674	£172,250	£373,424
Against allocation				£0	-£178,424	£178,424

Year 1 Community and Place programme funding will be used towards creating vibrant and viable places and spaces that increase life chances and pride in place in Dudley borough. Projects will include; feasibility studies to identify priority projects and/or partnership structures to be supported in Years 2 and 3 of the programme, improvements to the public realm and master planning, improvements to green spaces and parks.

Sandwell

Investment Breakdown	Year 1 WMCA Allocation			Year 1 Local Authority Proposals Jan 23		
	Total	Capital	Revenue	Total	Capital	Revenue
Sandwell						
Community and Place	£571,877	£371,877	£200,000	£571,877	£350,000	£221,877
Against allocation				£0	-£21,877	£21,877

* Includes £90k against some local business outputs and outcomes

VCS Activity

- Grants provided to Voluntary organisations to deliver engagement activities with local residents. Activities will include events in deprived local communities, with referrals to wraparound support services. Individuals will be encouraged to get involved in their local community including engagement in social action projects and volunteering.

Green Spaces

- Sandwell Valley - Education and Community Outreach Programme - Providing education and classroom facilities at Sandwell Valley and Forge Mill Farm to deliver an education and outreach programme
- Transformation of the Railer / Cracker Green Corridor (Tipton) - a large Green Corridor that spans two of the most deprived wards in the borough delivering opportunities for green careers, improvements to walking, running, and cycling links between residential areas and community places, development of community spaces and facilities and community engagement activities

Local Business

- To provide entrepreneurial training in terms of an intensive short-term introduction to business course which is accessible to participants for three years. To provide additional business support for Sandwell Businesses via the provision of further services offered by a membership organisation. Providing a comprehensive range of professional advice and business guidance.

Solihull

Investment Breakdown	Year 1 WMCA Allocation			Year 1 Local Authority Proposals Jan 23		
	Total	Capital	Revenue	Total	Capital	Revenue
Solihull						
Community and Place	£309,346	£171,346	£138,000	£309,346	£171,346	£138,000

Against allocation				£0	£0	£0
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- Capital Investment will be made in the Kinghurst village centre re-development, with demotion works to facilitate improvements. Engagement with local community groups about the development has taken place through the year.
- A new Cultural Hub (The Hatchery) will officially launch at the Core in February 23. In November local creatives were invited to help shape the space and in response to their needs we are fitting out the space with new furniture and Digital equipment.
- A new Digital Hub in North Solihull opened in August 2023 enhancing ICT facilities in North Solihull and creating opportunities for residents to improve their ICT skills.
- A new Visit Solihull Digital Advertising Campaign, designed to drive traffic to the Visit Solihull website and promote visits, events and attractions in the Solihull Borough in the lead up to and during the Commonwealth Games period.

Wolverhampton

Investment Breakdown	Year 1 WMCA Allocation			Year 1 Local Authority Proposals Jan 23		
	Total	Capital	Revenue	Total	Capital	Revenue
Wolverhampton						
Community and Place	£456,226	£110,000	£346,226	£456,226	£227,975	£228,251
Against allocation				£0	-£117,975	£117,975

* Includes £21k against some local business outputs and outcomes

Wolverhampton's Year 1 activity is focusing on capacity building around key local priorities in particular under Communities and Place, capacity building community organisations to address the cost of living crisis, through community grants to Community Shops and a new Cost of Living hub in the city centre, and supporting digital inclusion through public WiFi. A number of vibrant high street interventions have been bought forward leading to a larger programme of activity next financial year. Lastly, we will be supporting our new enterprise/co-working space in the city centre as part of local business support.

Walsall

Investment Breakdown	Year 1 WMCA Allocation			Year 1 Local Authority Proposals Jan 23		
	Total	Capital	Revenue	Total	Capital	Revenue
Walsall						
Community and Place	£487,827	£100,000	£387,827	£487,827	£100,000	£387,827
Against allocation				£0	£0	£0

Walsall's approach includes:

- Vibrant places to live, work and visit: improvements to town centres and high streets, development of local nature reserves and green spaces, heritage and cultural programmes to attract footfall, and feasibility work to inform future planning.

- Safer cohesive communities: interventions to design out crime and reduce anti-social behaviour, support for impactful volunteering and social action projects to develop human capital in local places, improvements to existing community and neighbourhood infrastructure projects and investment in
- VCS capacity building.
- Sustainable neighbourhoods: support for Council and community decarbonisation programmes, including cost of living and energy efficiency training and advice for families, organisations and businesses.

Annex C. West Midlands Finance Directors Principles for Underspends or Underperformance

The following principles/approach were considered and agreed by the West Midlands Finance Directors at their meeting on the 17th November 2022:

- Local authorities and the WMCA will ensure that SPF funds and activity is monitored and managed by a dedicated resource within their organisation. The individual/s will be responsible for providing a programme level overview against delivery and spend to the WMCA on a monthly basis.

- The WMCA will provide local authority partners with a dedicated SPF lead contact, who will be responsible for reviewing and co-ordinating local data, collating reports for central government and working with local authorities to review progress.

- Local authorities and the WMCA will do a full review of project level spends and forecast data to year end during Quarter 3 each financial year.

- At the end of Quarter 3, local authorities to provide the WMCA SPF lead with either confirmation that all spends/performance will be achieved as set out in local delivery plans or advise of potential underspends or underperformance, and if credible plans can be developed to mitigate any risks of future payments being reduced or claw back.

- The WMCA SPF Lead will co-ordinate responses and consider impacts of spends and performance across the wider programme and provide an update report to Economic Growth Board on position.

- If a local authority is significantly underperforming and no credible plans are put in place to improve this, consideration will need to be given by the Economic Growth Board about how amendments to annual allocations (between delivery bodies) could be made to maximise the deployment across the programme.

- Where a local authority has confirmed an underspend and has no credible plan to manage this, there is an opportunity for this funding to be allocated to other LA's early in Quarter 4.

- The WMCA will establish a light touch process to utilise emerging regional underspends, which LA's will be able to submit to. This will be considered by Economic Growth Board and will include a review of performance and delivery to date against original allocations. (This approach will be subject to requirements set out in the grant funding agreement and may be subject to this funding aligning with the interventions, outputs and outcomes set out by the original LA lead).

- The WMCA will work within existing governance frameworks to agree a process for approving changes to local allocations and moving money across / within the programme, which is expected to be via WMCA Board or Investment Board.

- If a local authority fails to notify the WMCA of underspends or requests to submit plans to government in order to seek agreement to carry forward this funding, which in turn is not approved, this amount will be reduced from their next year financial allocation or clawed back in year 3, in line with reduced awards/claw back to the WMCA.

- Local authorities will be responsible for drafting any plans to secure carry forward of funding from government, these will be submitted to the WMCA for consideration. If agreed, the WMCA will collate requests and submit at a programme level. If plans are agreed local delivery plans will be reprofiled aligned to this.

- If following the period of extension (subject to government guidance and approval) the LA still fails to spend the full amount or achieve outputs – the respective local authority will be responsible for claw back or reductions to their local allocations.

Annex D: Update Position – Business Support

Budget Breakdown

- The following tables show the budget breakdown for all business support activity under UKSPF. The activity is split into three delivery routes: funding devolved to the individual LAs, regional programmes commissioned by the WMCA and activity delivered directly by the WMCA.
- Table 1 shows the total funding available for business support for the two-year period 2023-2025. The funding is separated into the 11 strands of business support activity which are separated into the three delivery routes. These figures assume that the £5.15m of funding allocated to business support in Year 1 will be rolled over into year two and that year three allocations will not be brought forward into year two. This gives a budget breakdown of 0:36:64. Given that localities are carrying out service re-design and, in many cases have not begun recruitment to posts or commissioning local activities, this annual split is both realistically deliverable in a way that 0:50:50 may not be and mitigates risk of bringing forward year 3 spend into year 2. Region-wide programmes will also be commissioned on the basis that the majority of activity and associated spend will take place in year 3.
- These assumptions are based on the credible plan for the allocation and spend of this funding alongside that which is allocated to Year 2.
 - Proportional Outputs and Outcomes for each of the business support strands in the devolved funding have been calculated for each of the LAs. This data underlies the information shown in these tables. Outputs and outcomes have not been allocated to the underpinning and enabling services to enable delivery of the service (for example, the website or central co-ordination team)
 - The ratio of funding allocated to each LA in the devolved strands has been used to apportion funding to each LA for the Decarbonisation Programme, Net Zero Grants and Investor Readiness Programme commissioned activity.
- Tables 2 and 3 show the split of funding over the two years, the split is not even with 36% of the overall allocation being spent in Year 2 and 64% being spent in Year 3.
- The expected Outputs and Outcomes in these tables reflect this split.

Contingency plans are in development for delivery of these business support strands if the £5.1m is not able to be rolled over from year 1.

Table 1: Total Spend, Outputs and Outcomes 2023-2025

		Outputs						Outcomes								
Business Support Projects		Funding '23-'25 £m	Number of enterprises receiving non-financial support	Number of enterprises receiving grants	Number of enterprises engaged in new markets	Number of feasibility studies developed as a result of support	Number of decarbonisation plans developed as a result of support	Jobs created as a result of support (FTE)	Jobs safeguarded as a result of support (FTE)	Estimated Carbon dioxide equivalent reductions as a result of support (t)	Increased amount of investment (£m)	Number of organisations engaged in knowledge transfer activity following	Number of enterprises adopting new or improved products or services	Number of enterprises with improved productivity	Increased number of enterprises supported	Number of new enterprises created as a result of support
Double Devolv	Growth Advisors	£11.20	5,600											2800		
	SME Grants	£9.00		689						£7.65					689	
	DD Total	£20.20	5,600	689	0	0	0	0	0	0	7.65	0	0	2,800	689	0
	Decarbonisation Programme	£4.60	5,040		100		625		60	800		57	355			
Commissioned Activity	Net Zero Grants	£4.40		399						800	£3.74				399	
	Investor Readiness Programme	£2.20	3,850		250						£4					
	FDI Internationalisation	£3.20				12		300								24
	Strategic Relationship Management**	£2.20														
	Cluster Leadership	£1.80	40									40				
WMCA Delivered	Core Hub	£1.60														
	Campaign to drive business take-up	£1.00														
	CRM, website and training budget	£1.00														
	Regional Total	£22.00	8930	399	350	12	625	300	60	1600	£7.74	97	355	0	399	24
TOTAL		£42.20	14530	1087	350	12	625	300	60	1600	£15.39	97	355	2800	1087	24

** Note - split between regional and local allocation of strategic relationship management activity subject to paper currently in development for business support officers group and, subsequently, Directors of Economic Development

Table 2: Total Spend, Outputs and Outcomes 2023-2024

		Outputs					Outcomes								
	Annual £m	Number of enterprises receiving non-	Number of enterprises receiving grants	Number of feasibility studies developed as a	Number of enterprises engaged in new	Number of decarbonisation plans developed as a result of support	Jobs created as a result of support	Jobs safeguarded as a result of support (FTE)	Estimated Carbon dioxide equivalent reductions as a	Increased amount of investment (£)	Number of organisations engaged in knowledge transfer	Number of enterprises adopting new or improved practices	Number of enterprises with improved productivity	Increased number of enterprises supported	Number of new enterprises created as a result of support
Double Developed	Business Support Projects														
	Growth Advisors	£4.03	2,016									1,008			
	SME Grants	£3.24		292						£2,916,000				146	
	DD Total	£7.27	2,016	292	0	0	0	0	0	2,916,000	0	0	1,008	146	0
Commissioned Activity	Decarbonisation Programme	£1.66	1814		36		225		20	267		21	128		
	Net Zero Grants	£1.58		169						267				84	
	Investor Readiness Programme	£0.79	1,386		85										
	FDI Internationalisation	£1.15				4.32		108							7.92
	Strategic Relationship Management**	£0.79													
WMCA Delivered	Cluster Leadership	£0.65	14.4									14.4			
	Core Hub	£0.58													
	Campaign to drive business take-up	£0.36													
	CRM, website and training budget	£0.36													
	Regional Total	£7.92	3215	169	121	4	225	108	20	533	£2,904,000	35	128	0	84
TOTAL	15.192	5231	461	121	4	225	108	20	533	£5,820,000	35	128	1008	230	8

Table 3: Total Spend, Outputs and Outcomes 2024-2025

	Annual £m	Outputs					Outcomes								
		Number of enterprises receiving non-financial support	Number of enterprises receiving grants	Number of feasibility studies developed as a result of support	Number of enterprises engaged in new markets	Number of decarbonisation plans developed as a result of support	Jobs created as a result of support (FTE)	Jobs safeguarded as a result of support (FTE)	Estimated Carbon dioxide equivalent reductions as a result of support (t)	Increased amount of investment (£)	Number of organisations engaged in knowledge transfer activities following a	Number of enterprises adopting new or improved products	Number of enterprises with improved productivity	Increased number of enterprises supported	Number of new enterprises created as a result of support
Business Support Projects															
Double Devolved															
Growth Advisors	£7.17	3,584										1,792			
SME Grants	£5.76		518							£4,896,000			259		
DD Total	£12.93	3,584	518	0	0	0	0	0	0	4,896,000	0	0	1,792	259	0
Commissioned Activity															
Decarbonisation Programme	£2.94	3,226		64		400		40	533		37	226			
Net Zero Grants	£2.82		300						533	£2,816,000			150		
Investor Readiness Programme	£1.41	2,464		160						£2,640,000					
FDI Internationalisation	£2.05				7.92		198							15.84	
Strategic Relationship Management**	£1.41														
WMCA Delivered															
Cluster Leadership	£1.15	25.6									25.6				
Core Hub	£1.02														
Campaign to drive business take-up	£0.64														
CRM, website and training budget	£0.64														
Regional Total	£14.08	5715	300	224	8	400	198	40	1067	£5,456,000	62	226	0	150	16
TOTAL	£27.01	9299	819	224	8	400	198	40	1067	£10,352,000	62	226	1792	409	16

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Date	15 February 2023
Report Title	UK Shared Prosperity Fund – Business Support in the West Midlands
Portfolio lead	Councillor Ian Brookfield, Leader of City of Wolverhampton Council WMCA portfolio lead for Economy and Innovation
Accountable Chief Executive	Laura Shoaf - Chief Executive, WMCA Email: laura.shoaf@wmca.org.uk
Accountable Employee	Dr Julie Nugent, Executive Director - Economic Delivery, Skills and Communities Email: julie.nugent@wmca.org.uk
Report has been considered by	Directors of Economic Development

Recommendations

Economic Growth Board is recommended to:

- Note progress of task and finish working group, since December Economic Growth Board in mobilising UKSPF funded business support activity from April 2023.
- Note agreed regional framework, ways of working between locally-embedded and regional activity and commissioning of region-wide programmes for activity to commence in April 2023.

1 Purpose of Report

- 1.1 To update the Economic Growth Board (EGB) on progress in delivery of business support locally, utilising UK Shared Prosperity Fund, and West Midlands-wide commissioned activity.

2 Background

- 2.1 Following approval of WMCA Board of the UKSPF allocation, officers from the seven Local Authorities and WMCA have been working to develop a coherent West Midlands approach to business support, with an initial focus on UKSPF, and designing it in such a way that it enables engagement across a wide range of business support services in both the public and private sector, including Innovation Accelerator, publicly funded national programmes and private sector offerings.
- 2.2 This work has been led by a task and finish working group comprising WMCA officers and officers from all seven Local Authorities.
- 2.3 The Director of the Greater Birmingham and Solihull Growth Hub, on secondment to the WMCA for two days a week, is working closely with all officers to offer his advice and expertise as to what works currently, best practice and how services can best be



maintained through this change process. Coventry and Warwickshire Growth Hub are also providing their expertise in designing the future service.

2.4 Seven separate workstreams have been developed, each led by a Local Authority officer, focused on:

- Reviewing and presenting options with recommendations for locally-embedded advisers and account managers within wider ecosystem
- Reviewing and carrying out options appraisal for future CRM & digital systems
- Reviewing and carrying out options appraisal and recommendations for central co-ordination team
- Reviewing and recommending delivery options for specialist programmes – decarbonisation
- Reviewing and recommending delivery options for specialist programmes – investor readiness
- Reviewing and recommending delivery options for specialist programmes – SME competitiveness and productivity grants
- Gap analysis and preparedness for non-UKSPF activity

2.5 Each of these workstreams, along with the overall collective piece of work, are aimed at developing a coherent business support ecosystem across the West Midlands, building on what already works well across the region, for delivery from 1 April 2023.

3 Principles of UKSPF – business support

3.1 The working group is following the principles, as recommended by the previously endorsed business support review of:

- A high-quality, consistent core offer across the region
- Fully integrated business support ecosystem
- Premium products targeted at regional priorities
- Campaign to drive take-up

3.2 In addition, the working group have focused on the principles of:

- Building on what works but not being beholden to it
- Focusing on the needs of West Midlands businesses and not driven by the needs of providers, which includes:
 - providing access to advice and specialist services
 - targeting firms with potential to improve growth and productivity
 - integrating support with recruitment and skills
- Focusing on delivering real-world outcomes rather than meeting bureaucratically-imposed targets
- Providing a consistency of service to West Midlands businesses no matter where they are based in the region



4. Double-devolved Business Support under a Regional Framework

4.1 WMCA Board approved that £20.2 million of UKSPF business support be allocated to Local Authorities directly to deliver priorities for locally-based businesses. Since the last Economic Growth Board, individual Local Authorities have been working on those priorities with a focus on providing a combination of locally-based advisors and account managers; commissioned services and grants to businesses.

4.2 In addition, there has been agreement from all local authorities in ways of working between localities and the regional hub, including core responsibilities that sit with WMCA and those that sit with local authorities.

4.3 These agreed principles cover:

- **marketing and events provision** with a framework to be worked up with localities as to the mix between regional and local marketing and events activity, with the balance of activity likely to be focused locally

- **quality assurance and management** including regional responsibility for:

- BEIS and DLUHC reporting & liaison (national, cluster networks, BEIS audit, BEIS evaluation)
- Quality assurance, client satisfaction and standards monitoring
- Business development (partnerships, projects, programmes and revenue)
- Regional operations e.g. telephony and IT systems, referral and customer journey processes
- Team management and training (training, regional team meetings, diagnostic support)
- Integration of national programmes (e.g. Help to Grow) and support (e.g. National Helpline) existing and new
- Partner and stakeholder management, particularly LAs, universities, private sector and other providers
- Accountability for regional service, including budget and governance

- **CRM & Data** management including regional responsibility for:

- Collection of regional data; support for local data collection
- CRM development
- Contract & relationship management CRM provider
- Training, access and guidance for users
- GDPR and permissions (clients and users)
- Data analysis and presentation
- Communications and events support from CRM system
- Troubleshooting
- Systems linkages (i.e. with other local/regional CRMs)
- Data integrity & consistency

4.4 As part of this agreement, the seven Local Authorities are committed to delivering activity as part of a wider ecosystem with localities responsible for:



- Delivery of advisory service (universal but targeted, for businesses and entrepreneurs: enquiry handling, triage, assessment*, brokerage, referrals, follow up and account management)
- *Diagnostic delivery and access to specialist programmes (including grants)
- Management and co-ordination of local providers
- Collection of local data
- Reporting of local data
- Line management, including local target-setting and performance mgt, HR processes and recruitment of advisers
- Maintenance and linkage of local systems with regional systems
- Accountability for service standards at local level

4.5 In addition, and supported by Coventry and Warwickshire Growth Hub, the officers group have agreed a consistent customer journey for businesses through the business support ecosystem with a focus on light-touch support for the majority of businesses and in-depth support for those with the most growth potential. An outline of this customer journey is provided in Appendix 1 to this report.

5. Commissioned Programmes

5.1 Since last Economic Growth Board, commissioning has commenced on an investor readiness programme and a decarbonisation programme with the intent that these are contracted in March 2023 for delivery from April 2023 onwards.

5.2 Economic Growth Board is reminded that whilst the year one allocation of UKSPF is confirmed, years 2 and 3 are 'indicative' allocations only, which subsequently introduces some risk into the business support programme. The risk is twofold in that moving funds from 24/25 into 23/24 to produce a 'smoothed' profile as previously recommended by Economic Growth Board may not be approved by government and the final allocation could be lower than previously indicated, as future year allocations will be subject to performance in year.

5.3 WMCA will continue to seek flexibilities through engagement with DLUHC. In the meantime, the task and finish working group will work to mitigate the risk, this includes assembling programmes that match (as closely as possible) the funding profile. Region-wide programmes will be commissioned and contracted on that basis. Local Authorities will also receive back-to-back agreements that reflect 36% of funding to be received in 23/24 with 64% received in 24/25, subject to confirmation of funding from DLUHC.

6 Financial Implications

6.1 WMCA will continue to seek flexibilities through engagement with DLUHC. In the meantime, the task and finish working group will work to mitigate the risk, by ensuring any procurement is in principle only without entering contracts until the funding and approvals are in place.

7 Legal Implications

7.1 There are no immediate legal implications as a direct result of this report. Legal will continue to advise on the preparation of the wider UKSPF investment plan and any agreements entered into as a result of any funding being awarded.



8 Equalities Implications

8.1 There are no direct equalities implications.

9 Inclusive Growth Implications

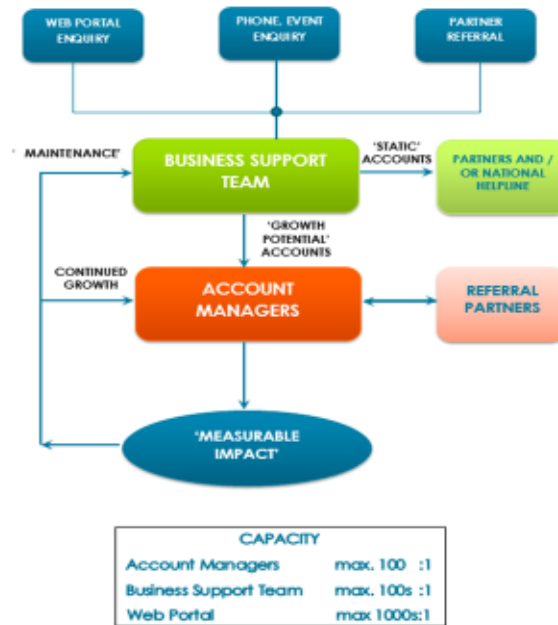
9.1 We have sought to utilise UKSPF to ensure a minimum level of investment in business support services in all areas and maximising the use of other funds and ensuring these are targeted on areas of most need.

10 Geographical Area of Report's Implications

10.1 The report covers the 7 West Midlands Combined Authority metropolitan areas



Customer Journey





Economic Growth Board

Date	15 February 2023
Report Title	Economic Growth Board Work Programme
Portfolio lead	Economy and Innovation – Councillor Ian Brookfield
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Dr Julie Nugent, Executive Director - Economic Delivery, Skills and Communities Email: julie.nugent@wmca.org.uk
Report has been considered by	

Recommendations for action or decision:

The Economic Growth Board is asked to:

- a) Note the updated work programme attached at Appendix 1.

1 Purpose

- 1.1 For the Economic Growth Board to update its work programme. EGB's work and decisions will support 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 any standing items.
- 2.2 The revised work programme is attached at Appendix 1 and will continue to evolve as work is required.
- 2.3 Economic Growth Board's attention is drawn to its responsibility for monitoring the work of the West Midlands Growth Company. Regular reports will be brought to EGB. Additionally, future EGB agendas may also include "Summary Reports", which will seek to update the Board on economic issues of interest, but which are not yet at a stage for a full presentation or decision. These will be for information only.



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

Appendix 1 Updated Work Programme

		June '23	July '23	Sept/Oct '23	Nov/Dec '23	Jan '24	March '24
1	Oversight of regional economic strategies, plans, and their implementation, including influencing plans to attract government and commercial investment	<p>Update on Brownfield Land and Land Task Groups & Innovation Zones</p> <p>Impact of TDD on regional economy (report)</p> <p>EGB Terms of Reference Update</p>	<p>Plan for Growth - Delivery plan</p> <p>Foundational sectors update</p> <p><i>Update on the next steps of the Circular Economy Routemap and progress</i></p> <p><i>Agree scope of the Business Taxation Review (dependent on TDD)</i></p> <p>Overview of the Digital Economy workstream of the West Midlands</p>	<p>Review Commercial Land Strategy, in line with West Midlands Plan for Growth priorities</p> <p>Agree response to the Race Equalities Taskforce as it affects economic opportunity and outcomes (tbc)</p> <p>Annual Report of the Midlands Engine for its benefits to the West Midlands</p>			



		June '23	July '23	Sept/Oct '23	Nov/Dec '23	Jan '24	March '24
			Digital Roadmap				
2	Deliver inclusive economic growth through the West Midlands Jobs Plan, ensuring we link local communities to new jobs and opportunities.	Local Skills Improvement Plan – Corin Crane Report on Good Work			Skills Delivery Overview		
3	Oversee a coherent and complementary approach to business support across the region.	West Midlands Growth Company Review outcomes & recommendations Business Support Updates	A2F Detailed update on West Midlands Co-Invest Fund	Business Support Updates	WMGC Progress update		WMGC Progress Update
4	Oversee the work of the Innovation Board and other relevant sub-Boards	Innovation Board update Report from Cultural Leadership Board Create Central – annual report	Report from the Industrial Energy Taskforce and Repowering the Black Country/ Energy Capital Report on Tourism: work	Innovation Board update	Report on Tourism: work of Tourism and Hospitality Advisory Board		Innovation Board update



		June '23	July '23	Sept/Oct '23	Nov/Dec '23	Jan '24	March '24
			of Tourism and Hospitality Advisory Board				
5	Standing Item(s)	<p>Economic Conditions Report - Latest economic evidence (including qualitative issues from Business Insights Forum(BIF) and Regional Business Council), forecasts and key impact measures</p> <p>Summary Reports – short updates on on-going work & projects</p>	<p>Economic Conditions Report - Latest economic evidence (including qualitative issues from BIF and Regional Business Council), forecasts and key impact measures</p> <p>Summary Reports – short updates on on-going work & projects</p>	<p>Economic Conditions Report - Latest economic evidence (including qualitative issues from BIF and Regional Business Council), forecasts and key impact measures</p> <p>Summary Reports – short updates on on-going work & projects</p>	<p>Economic Conditions Report - Latest economic evidence (including qualitative issues from BIF and Regional Business Council), forecasts and key impact measures</p> <p>Summary Reports – short updates on on-going work & projects</p>	<p>Economic Conditions Report - Latest economic evidence (including qualitative issues from BIF and Regional Business Council), forecasts and key impact measures</p> <p>Summary Reports – short updates on on-going work & projects</p>	<p>Economic Conditions Report - Latest economic evidence (including qualitative issues from BIF and Regional Business Council), forecasts and key impact measures</p> <p>Summary Reports – short updates on on-going work & projects</p>

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