

COMMERCIAL IN CONFIDENCE

West Midlands Growth Company Business Plan

November 2017

Contents:

Item	Section	Page
1	Executive Summary	2
2	Introduction and Background	5
3	Company Mission	9
4	Business Objectives	13
5	Transition to Growth Company	16
6	Governance	18
7	Operating Model	20
8	Clients and Commercial Development	24
9	People and Culture	28
10	Key functions and Services	32
11	Performance Measures	36
12	Infrastructure	38
13	Finance	40
14	Risks to the business	44
15	Action Plan	45
16	Appendices	46

1. Executive Summary

The West Midlands Growth Company (WMGC) was created from what had previously been Marketing Birmingham, on 26 April 2017 by its new company members. The A members of the Company are the West Midlands Combined Authority (WMCA) and its seven constituent local authorities in the cities of Birmingham, Coventry and Wolverhampton, plus Solihull, Walsall, Sandwell and Dudley. The B members of the company are the six universities: Birmingham, Warwick, Aston, Wolverhampton, Coventry and Birmingham City.

The West Midlands, as a region, currently lacks significant region-wide coherent economic development delivery capacity to achieve the ambitious targets of the WMCA Strategic Economic Plan (SEP). With its primary purpose of attracting investment, jobs, visitors and business to the West Midlands, the WMGC will play an important role in facilitating delivery of the SEP in partnership with Local Enterprise Partnerships, Councils, Growth Hubs, Universities, Chambers of Commerce and the private sector. In particular, the Growth Company will support the WMCA with delivering increases to the region's GVA and more high quality jobs by bringing companies, investments and visitors to the region and by supporting indigenous companies to stay and grow. This will help the WMCA and the region create half a million more jobs and lift GVA to 5% above the national average by 2030, with a particular focus on SEP priority sectors: high value manufacturing, creative and digital, environmental technologies, and medical and life sciences.

Analysis to understand the relationship between the WMGC's work and the delivery of the SEP has commenced with the support of the Black Country Consortium (see section 2.4). Further guidance and advice on this is being sought via the SEP Board on an ongoing basis. Furthermore, it is recognised that strong partnership working and collaboration across the region will maximise the impact that the WMGC will have on SEP delivery.

The creation of the WMGC means that the West Midlands is now much better placed compared with London, Greater Manchester, Scotland and others in terms of being able to compete for investment on a UK basis. However, the WMGC will also seek to compete internationally in order to attract the broadest possible range and quality of investors. Whilst investment alignment to the SEP is key, we will be open to all opportunities for economic advancement for the three-LEP geography of the West Midlands.

In order to be successful, both at home and abroad, the WMCA needs the delivery capacity supplied by the WMGC. The Growth Company has a unique position in terms of its role, but we also recognise that working in partnership with our shareholders, stakeholders and others is the key to successful outcomes for the region.

Our operating model will be a co-ordinated agency style approach, working with both the public and private sectors. We already have the technical expertise to be successful and compete globally, as our track record demonstrates. We now need to build our regional expertise and we have a regional familiarisation programme in place to enable us to successfully deploy our expertise across the whole of the West Midlands. We will invest in a small number of new roles to supplement our existing strengths and ensure we have the capability and capacity to grow the business to circa £10m of income by 2020.

The WMGC has seven functional areas in which we work which cover the broadest spectrum of capabilities required to support the SEP. These were approved by the WMCA Board and are:

- Regional Marketing
- Attracting Inward Investment

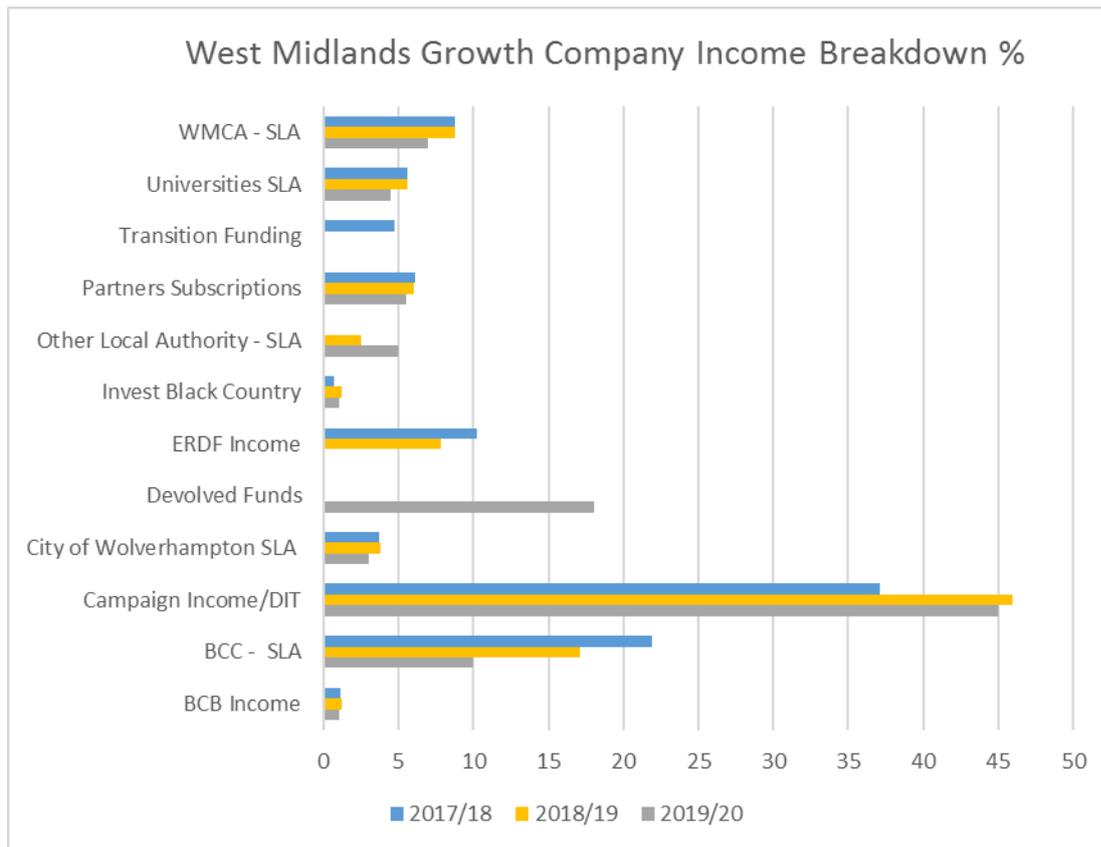
- Attracting Capital Investment
- Account Management
- Promotion of the Visitor Economy
- Business Support Coordination
- Market Intelligence

The WMGC not only leads and delivers in these areas, but also co-ordinates, facilitates and acts as a catalyst for investor decisions. There is more detail about these areas in section 10 of this document. All activity will be underpinned by the 5-10 year strategic branding work for the region called “make your mark”, which will shape the positioning of the region to internal and external audiences.

The WMGC’s track record in supporting the attraction of investment can be seen in recent regional bids and successes such as HSBC, Commonwealth Games 2022 and Channel 4. It is also assisting in creating a pipeline of other significant opportunities, the results of which will be apparent soon. However, it takes investment to create investment and the WMGC will look to maximise its income and activities from both the public and private sectors. We will aim to increase the investment from shareholders such as the WMCA in order to leverage the benefit that they receive and we will always seek to bring in private sector funds to align and match with public sector. We therefore need to optimise our attractiveness to the private sector.

The financial forecast shows that 40% of our income will come from Service Level Agreements (SLAs) with the public sector and 60% will be made up from a mixture of public/private sector match funding for campaigns, events and additional contracts. For every £1 received from public sector contracts at least a further £1 is generated in additional revenue from the private sector, demonstrating the significant value added to the public funding received.

The following diagram is a forecast of where WMGC expects income to be derived up to 2020. We will be seeking new income streams such as devolution funds, private and other public sector match funding, as well as looking for increased pooling of resources (a single pot) from SLAs such as the WMCA.



Whilst the UK post-Brexit presents some challenges, it also presents significant opportunities. Britain is the number one destination in Europe for foreign direct investment, according to figures that revealed a surge in inflows to levels not seen since before the financial crisis. 2016 represented the highest level of inflows since 2005. The WMCG will seek to take advantage of these possibilities, creating tangible opportunities for the region.

This business plan identifies what the WMGC will do and how it will do it. The WMGC is confident that it can grow and thereby add even greater value to the region. It has a clear mission and purpose, excellent capability, regional expertise, established and growing networks both nationally and internationally and a unique position from which to develop the West Midlands as a globally competitive region.

Investment in the region does not happen by chance. It requires a unique set of skills that the WMGC has spent a long time refining. Whilst the next year is one of transition to its new status, the WMGC recognises the huge opportunity which exists for the company to build and consolidate its position, and the even bigger opportunity for the economic development of the West Midlands region.

2. Introduction and Background

2.1 WMGC context

The West Midlands Growth Company is a new economic development and investment body formed at the request of the West Midlands Combined Authority to support delivery of Strategic Economic Plan targets, such as increased GVA and more jobs for the region, and facilitate the growth of the region's economy.

The business case demonstrated that the region lacks sufficient and significant region-wide and coherent economic development delivery capacity. For a region which is economically 85% the size of Scotland, and 43% larger than Greater Manchester, a significant gap in the regional delivery architecture required filling.

It was envisaged that the company needed to be at arms' length from the WMCA, working in partnership with the private sector, local councils, LEPs, Growth Hubs and the full range of relevant stakeholders in the region. Its focus should initially be on the three-LEP geography of the WMCA, but its work will not be limited by these boundaries. It has a significant role to play in working with the Midlands Engine.

Hence, the company was created by converting a pre-existing company, Marketing Birmingham, into the West Midlands Growth Company, at a General Meeting held on 26th April 2017. At this meeting the name, membership and articles of the existing business were amended. This followed WMCA Board approval of the business case and, ultimately, a draft business plan.

2.2 Global Landscape

Over the last few years the West Midlands has had one of the strongest performing economies in the country, underpinned by strong export performance, a resurgent tourism sector and the best record in attracting Foreign Direct Investment outside London and the South East.

2.2.1 Opportunities

A number of developments in the political arena, meanwhile, offer a fantastic opportunity to build on this momentum going forward – for example:

- Devolution of powers and resources from Whitehall. The West Midlands Combined Authority has plans in place to deliver a stronger regional economy with a focus on inward investment, innovation, skills and transport, which are likely to be strengthened by a second devolution deal by the end of 2017. The Midlands Engine, meanwhile, a collaboration of the public and private sector, is working to improve productivity, boost economic growth and promote the wider Midlands area to the world.
- The work of both the West Midlands Combined Authority and the Midlands Engine will be shaped by the UK government's Industrial Strategy, which aims to unlock innovative industries and markets of the future via investment in research, science and technology. Indeed, many of the technologies prioritised for support are already strengths within the region:

- The region's universities, working with key businesses, are at the forefront of developments, for example, in electric and hybrid vehicle research and alternative fuels including innovative battery technologies, clinical research, translational medicine, the application of photonics, cybersecurity and the digitisation of healthcare and advanced manufacturing;
- Via HS2 the West Midlands is about to see the biggest and most innovative investment in rail since Victorian times and this unique opportunity need to be maximised;
- The region has been the most successful in the country in attracting FDI in key sectors such as automotive (with the Tata Group making 16 investments across seven sites in the region since 2011). Furthermore, business, professional and financial services have seen Birmingham become a prime location for high value 'front and middle office' activity. Deutsche Bank and Lombard Risk have already moved to Birmingham and HSBC will soon be locating its UK ring-fenced bank HQ to the city.

Looking beyond the UK, meanwhile, there is also an opportunity to exploit strong projected growth in a number of overseas markets - notably India, where GDP growth of more than 7% is forecast for 2017-2018, China where growth of 6% is forecast and countries such as Australia, Canada and the US where solid rates of growth are also expected. These are already key source markets for the region for both FDI projects and the attraction of international tourists.

The attraction of new fast growth, value added industries will create tens of thousands of highly skilled, well paid jobs – and tens of thousands more in local supply chains. This will improve quality of life in the West Midlands by improving employment prospects for local people and in turn boosting their life chances and health and well-being.

2.2.2 Challenges

At the same time, however, the region faces a number of challenges as the UK prepares to leave the EU. While, in the longer term, leaving the Single Market is likely to make the UK a less attractive place for FDI, uncertainty about issues such as likely future trading arrangements and the scope to access skills and talent from the EU are already leading to delays in investment decisions. As a result, the development of a compelling inward investment strategy and value proposition, bringing together the USPs of every part of the West Midlands, is more crucial than ever before. Similarly, it will be crucial for the region, led by the WMCA and informed by relevant partners, including the Growth Company, to develop a clear strategy and action plan to address skills challenges.

While the regional economy continues to thrive, we may face a more challenging environment in the months and years ahead. Although the depreciation of Sterling is benefiting exporters, it is also leading to rising import costs, consumer prices and inflation. Prices are now rising faster than wages, squeezing living standards and denting consumer confidence. Similarly, therefore, a compelling strategy is required to develop and promote the region's diverse and vibrant visitor offer – exploiting its

position as the UK's premier conference and exhibition destination and its outstanding assets in areas such as arts, culture and heritage.

There are many more challenges the region is facing up to. They include the challenge of connectivity and physical infrastructure development and enhancement, both to encourage investors to come to the region, and to ensure they have the right conditions to thrive and grow once here. The Growth Company can play a supporting and informative role in these areas.

2.3 Company Positioning

The West Midlands Growth Company is uniquely placed to address these challenges and to grasp the opportunities to make the West Midlands one of the most successful regional economies in the UK.

By creating a pipeline of major inward investment propositions and investor development initiatives, developing more focused and seamless business support arrangements across the West Midlands and creating a regional visitor economy, destination management organisation the Company will play a pivotal role in:

- Positioning the West Midlands as a premier location to invest in, do business in and visit on a national and global stage
- Driving the growth of the regional economy
- Diversifying its business base, attracting innovative, high tech, fast growth industries
- Creating highly skilled, well paid jobs
- In turn helping to improve the employment prospects and quality of life in the region

2.4 SEP Delivery Requirement

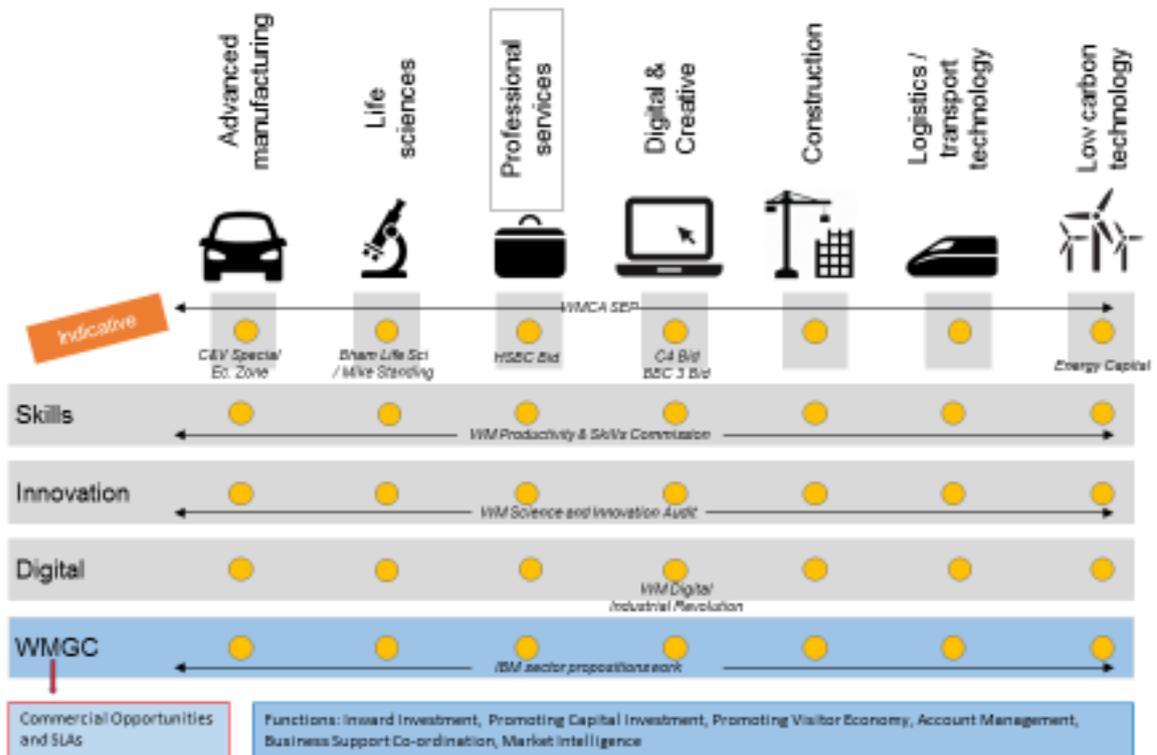
The company's Mission is aligned to supporting the delivery of the WMCA's Strategic Economic Plan (SEP). As such, the initial draft business plan was consulted on widely with LEPs, local authorities and the WMCA. It was presented to the SEP Board and ultimately approved by the WMCA Board.

There is regular dialogue between the company and the SEP Board. The Chair of the company has joined the SEP Board and the Chief Executive and Chief Operating Officer are regular attendees at its meetings.

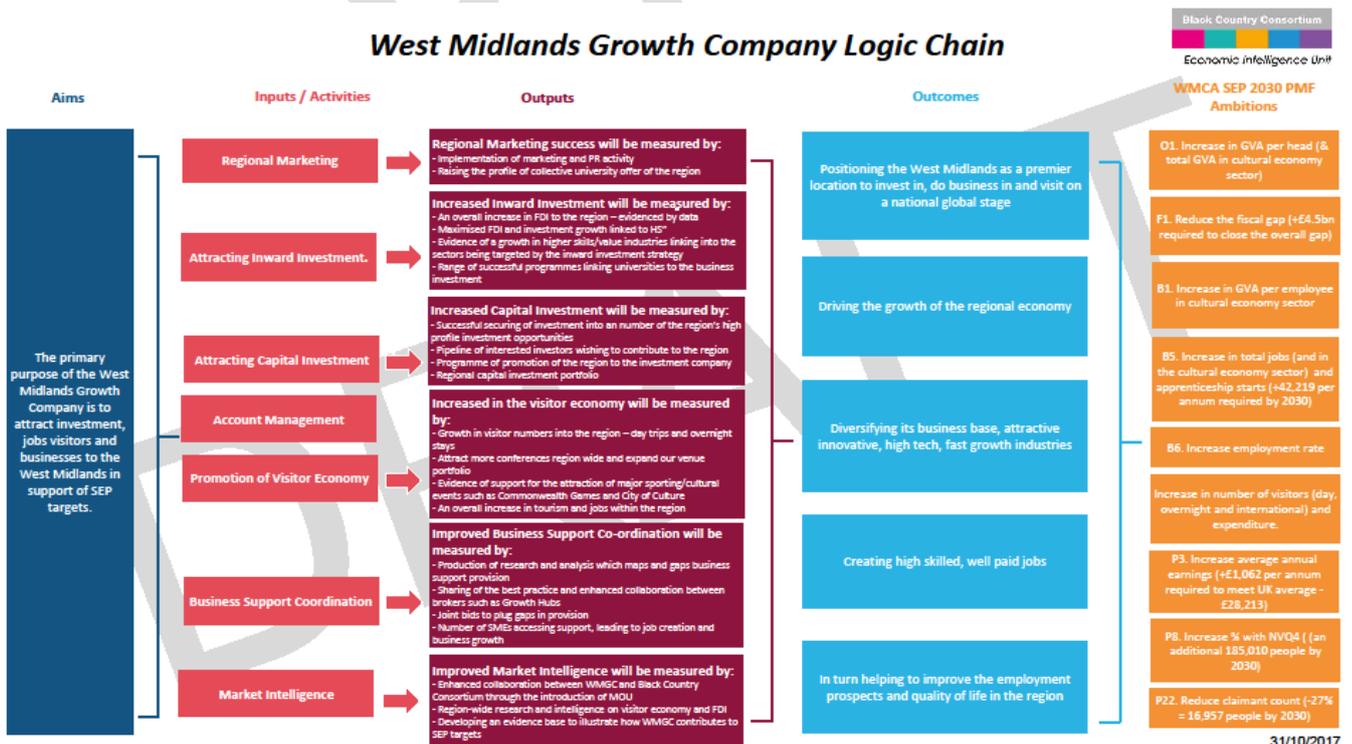
The company has entered into discussion with the Black Country Consortium, acting as the WMCA's economic intelligence unit, to help it determine the extent to which its business plan will help contribute to the delivery of SEP targets. This is an iterative approach, however the diagrams on the following page seek to demonstrate progress which has been made with understanding the alignment between this business plan and the SEP.

The company will be looking to grow its business over the next three years. However, the underlying tenet of the business will remain aligned to the delivery of the SEP and especially core SEP targets of GVA growth and jobs growth. All new and potential clients and contracts will be considered in this light. This will not rule out working with partners from outside the region so long as work is aligned and complementary to the mission of the business and ultimately the SEP.

West Midlands Growth Company and the WMCA SEP



West Midlands Growth Company Logic Chain



3. Company Mission and Strategy

The WMGC has an aspiration to grow the size of the business in order to have greater impact on the SEP targets and the added value it can bring to the West Midlands. Work has therefore been undertaken on devising key business documentation which gives clear direction for the company and underpins its purpose and aims.

3.1 Vision and Mission

Based on the agreed remit of the WMGC, which has been approved by the WMCA Board, the Company has devised new vision and mission statements which reflect the corporate aspirations and purpose of the organisation. Staff have been engaged to devise these statements and to ensure their buy-in and, subsequently, the statements have been agreed by the Board.

- Vision statement
The West Midlands Growth Company will be the leading regional investment promotion and economic development agency, unlocking potential for the West Midlands and the UK
- Mission statement
The West Midlands Growth Company supports the WMCA to build a region of choice which attracts investment and grows the economy through partnership across all sectors

The WMGC is now engaged in devising a new set of corporate values which will reflect the culture of the organisation and underpin the expected behaviours of all staff.

These declarations act as guiding principles to ensure the organisation proceeds towards its vision, achieves its objectives and sets a clear path for staff to understand the direction of travel for the future.

3.2 USP

Whilst there is national and international competition in attracting investment and regional prosperity, the WMGC is uniquely placed for the West Midlands in that there is no other regional entity which is responsible for attracting investment. This in itself gives the organisation an advantage in being without direct competition and able to focus clearly on its mission. However, there are other factors which give the company a distinctive advantage:

- The WMGC has the mandate and political endorsement from the Mayor, the WMCA Board, the constituent local authority leaders, Universities and the SEP Board to form this organisation and this adds credibility to its proposition
- The WMGC has the expertise and track record to attract investment as previous figures and the examples below will demonstrate

The WMGC has assisted a range of investors locating or expanding in Greater Birmingham, which has generated thousands of jobs and significantly boosted the local economy. The company played a critical role in securing HSBC's ring-fenced UK bank headquarters for Birmingham, which is bringing 1,000 roles to the city. An increasing number of tech firms are also now moving into the region, following a number of proactive campaigns by the WMGC's inward investment team. They include Lombard Risk Management plc, which recently opened a new Technology Centre in the region, creating 140 new jobs. US software provider Advanced launched its new Midlands headquarters in April 2016, generating 400 jobs in 18 months. Global e-tailer ASOS has chosen Birmingham as its first UK site outside London, creating a range of highly-skilled IT and digital roles in the process.

The manufacturing sector continues to attract more inward investment into the West Midlands than another sector (EY Attractiveness Report), with several companies coming from the Growth Company's target markets of India, the USA, China and Europe. Key successes include German automotive manufacturer Guhring, which generated 50 new jobs and safeguarded a further 75 following its move to Birmingham's Advanced Manufacturing Hub.

The WMGC has also developed a longstanding relationship with automotive giant Jaguar Land Rover, and continues to support the company as it invests in sites across the West Midlands. Another major employer in the region, German-owned business and home energy supplier ExtraEnergy, located to Birmingham with the support of the WMGC and has created 1,000 new jobs.

- The WMGC creates effective public/private partnerships to leverage investment within the region. Examples of this are given below.

Major events and campaigns are regularly used by the WMGC to secure investment into the region. In March 2017, the Company coordinated the Midlands Engine's presence at international property event MIPIM – involving more than 40 partners from the private sector, working with the public sector to promote the region. The highly successful event welcomed nearly 3,000 delegates, who saw 100 speakers taking part in more than 50 events. Key announcements included the launch of the £7 billion Midlands Engine Investment Portfolio.

Drive Midlands, which operates within the WMGC, has successfully utilised its private and public sector relationships to attract and support investors to the West Midlands. Its team has worked with a number of SMEs and global names – such as tech firm Haas Alert and US manufacturer Tenneco in Birmingham; and Detroit Electric in Leamington Spa.

Growing the visitor economy has also been a key feature of the WMGC's work in attracting investment into the West Midlands. By joining forces with a range of private and public sector partners, the WMGC helped to coordinate a successful campaign for Birmingham to become the UK's preferred city for hosting the Commonwealth Games 2022. The Company also oversaw the region's response to the Government's Channel 4 consultation, which engaged with creative and digital communities across the West Midlands.

3.3 Strategy

The WMGC aims to become a company unrivalled in its regional knowledge and diverse network of partners. Our strategy is to be recognised as subject matter experts and thought leaders using regional and global intelligence which translates into investment for the region. We will:

- Be best placed to identify global opportunities to effect economic change
- Work to identify and publicise regional strengths
- Target and attract investment
- Leverage the resources of the public and private sectors

We have been asked by the WMCA Board and constituent local authority members to operate in seven functional areas, as described in our original draft business plan. In each of these we will play a leading role, always working in partnership with others, as described below:

Function	Role	Key Partners
Regional marketing	Lead, co-ordinate, deliver	WMCA, TfWM, LEPS, Mayor
Attracting inward investment	Lead, co-ordinate, deliver	LEPs, local authorities, Growth Hubs, DIT, Midlands Engine, DCLG, WMCA
Attracting capital investment	Lead (in some areas), co-ordinate, support	Local authorities, DIT, Midlands Engine, FCO, Land Commission, WMCA
Account management	TBC	LEPS, local authorities, Growth Hubs
Promotion of the Visitor Economy	Lead, co-ordinate, deliver	WMCA, LEPS, local authorities, Visit Britain, Visit England, Universities
Business Support Co-ordination	Co-ordinate	LEPs, Growth Hubs, Universities, Local Authorities
Market Intelligence	Lead (in some areas)	Black Country Consortium, WMCA

3.3.1 Generating Income

We will generate increased income through leveraging our current clients and contracts and broadening our customer base. We will always aim to match public sector income with private sector income to optimise opportunities for the region. This includes:

- Attracting further project income from the WMCA
- Providing further marketing communications and project support services to Local Enterprise Partnerships
- Developing a range of additional bespoke services for Universities
- Attracting investment from central government departments such as BEIS, DCMS and DIT
- Providing opportunities for new resources through devolved accelerated development initiatives led by the WMCA

- Developing further income from the private sector through additional commercial partnerships, sponsorships and ancillary services such as relocation support

3.3.2 Future contracts

Ideally, in the future, the WMGC will seek to consolidate contracts where practicable thereby pooling resources and providing additional value and efficiencies. Whilst this may not be the current practice, consolidated budgets could be achieved, for example, through SLAs coming together and generating critical mass.

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70% of investment enquiries already come through the WMGC's own network. The WMGC has the advantage of being independent on the one hand, but having close ties with local government on the other. This allows it to flex its guise to appeal to the broadest range of customers.

3.3.3 Scope

Ultimately the WMGC will work towards being an economic development and investment agency. We are clear that there are areas which are already well served by other companies and organisations and where we will not seek to go into competition. For example, we will NOT seek to be a regeneration agency, a financing agency or a property agency. However, we will engage with investors, encouraging them to invest in the area and, through our intelligence led approach, will be able to assist them with their requirements and help inform their investment strategies.

4. Business Objectives

The primary purpose of the West Midlands Growth Company is to attract investment, jobs, visitors and businesses to the West Midlands in support of SEP targets. In order to achieve this, the WMGC will have both long and short-term objectives. Some of these will be internal objectives about business sustainability and efficiency; others will be external objectives about the development of the regional economy and our relationships with shareholders and clients. They are outlined as follows:

Long Term Objectives - External

4.1 Support delivery of SEP targets

This will be achieved through development of the core areas of activity within the WMGC as follows:

- 4.1.1 Regional Marketing success. This will be measured by:
 - Implementation of marketing and PR activity
 - Raising of the profile of the collective university offer of the region
- 4.1.2 Increased Inward Investment. This will be measured by:
 - An overall increase in FDI into the region - evidenced by data
 - Maximised FDI and investment growth linked to HS2
 - Evidence of a growth in higher skills/value industries linking into the sectors being targeted by the inward investment strategy
 - Range of successful programmes linking universities to the business investment community
- 4.1.3 Increased Capital Investment. This will be measured by:
 - Successful securing of investment into a number of the region's high profile investment opportunities
 - Pipeline of interested investors wishing to contribute to the region
 - Programme of promotion of the region to the investment community
 - Regional capital investment portfolio
- 4.1.4 Increase in the visitor economy. This will be measured by
 - Growth in visitor numbers into the region - day trips and overnight stays
 - Attract more conferences region wide and expand our venue portfolio
 - Evidence of support for the attraction of major sporting/cultural events such as the Commonwealth Games and City of Culture
 - An overall increase in tourism jobs within the region
- 4.1.5 Improved Business Support Co-ordination. This will be measured by:
 - Production of research and analysis which maps and gaps business support provision
 - Sharing of best practice and enhanced collaboration between brokers such as Growth Hubs
 - Joint bids to plug gaps in provision
 - Number of SMEs accessing support, leading to job creation and business growth
- 4.1.6 Improved Market Intelligence. This will be measured by:

- Enhanced collaboration between WMGC and Black Country Consortium through the introduction on an MOU (see draft MOU in annex, appendix 4)
- Region-wide research and intelligence on visitor economy and FDI
- Developing an evidence base to illustrate how WMGC contributes to SEP targets

4.2 Support the devolution of powers and budgets in the region

This will be achieved by:

- Increasing FDI delivery into the region so there is greater autonomy in delivering growth
- Ensuring awareness of policy areas in order to successfully aid the West Midlands Combined Authority with lobbying of central government for resources and funding

Long Term Objectives – Internal

4.3 Grow revenue and capacity within the business to become a sustainable company with a broader remit, increasing turnover to circa £10m in the next 3 years.

This will be achieved by:

- Bidding regionally for greater visitor funds from Visit England/Britain
- Developing a regional subscription scheme for private sector companies, a 'Partnership Scheme' that is profitable, valued by clients and creates a multitude of revenue opportunities to fund the business going forward
- Ongoing successful delivery of our shareholder SLAs and growth in the number of shareholders, both constituent and non-constituent members contracting directly with the organisation
- Expansion of the number of contracts with central government bodies such as the Midlands Engine, DIT, BEIS
- Growing our support for universities through an enhanced SLA and individual commissioned project activity

We believe a circa £10m target to be achievable and further details are outlined in the finance section.

Short Term Objectives – External

4.4 Build robust and transparent client relationships

This will be achieved by:

- Understanding more about our clients, their business operations and requirements
- Increasing our regional visibility so we are top of mind for existing and new clients
- Ensuring our clients understand who we are and what we do
- Developing strong regional and company identity

This will be measured by:

- Feedback from partners, shareholders and stakeholders

4.5 Promote the region collectively and by end of 17/18, evidence the value the WMGC has created as an organisation

This will be measured by:

- Successful delivery of a national launch for WMCA and WMGC region (Nov 17)

- In partnership with LEPs, Local Authorities and other local stakeholders deliver a Regional Visitor Economy Strategy (by Sept 2018)
- Regional Inward Investment Strategy (delivered by Dec 2017)
- Collective regional Capital Portfolio delivery by MIPIM Cannes
- The production of a “value report” to the Board which will be shared with shareholders

Short Term Objectives – Internal

4.6 Implement an effective transition from Marketing Birmingham to the West Midlands Growth Company over an eleven month period.

This will be achieved by:

- Effective communication both internally and externally about the company’s remit so that its purpose is clear and understood by shareholders, clients, stakeholders and staff
- Devising and implementing a new structure, following a matrix operating model
- Building in flexibility to scale up and down as required
- Supporting staff through the transition ensuring buy in to the new operating model and company culture
- Upskilling staff to take on a broader remit

This will be measured by:

- Feedback from staff and stakeholders
- Appropriate processes and IT in place to support new operational delivery
- New organisational structure in place
- Company and staff are more visible to clients across the region
- Staff understand the company vision, mission, values and objectives
- All SLAs are in place for 18/19 before the beginning of April

4.7 Successful delivery of year 1 Service Level Agreements

This will be measured by:

- Agreed metrics with client SLA managers

4.8 Generate a sustainable revenue pipeline for the business

This will be achieved by:

- Creating capacity within the organisation to bid for and win new clients/contracts
- Extending our reach throughout the region and beyond to identify relevant opportunities to deliver value

This will be measured by:

- The development of a business plan for WMGC Enterprises, the trading subsidiary of the company
- Implementing measures to cope with the known changing funding profile e.g. the cessation of ERDF

5. Transition to West Midlands Growth Company

The company became the West Midlands Growth Company on 26th April 2017. The first financial year of trading, until end-March 2018, is about making the transition from Marketing Birmingham to the new company whilst maintaining a high standard of delivery for pre-existing and new customers.

- 5.1 The WMCA has set aside a maximum sum of £500k to support one-off transition costs, including legal and HR costs, restructuring, training and development, IT, rebranding and communication.

Whilst the vast majority of pre-existing contracts are carried forward by the new company, new service level agreements to the value of £1.329m in year one, are being put in place with:

- WMCA
- Universities
- City of Wolverhampton Council

This constitutes new work for the company. It is expected that all new SLA's will be agreed and signed off by the end of September 2017.

- 5.2 The senior executive structure of the business has already been redesigned. There now follows a process to redesign and reshape the remainder of the business to align with the broader geographic remit, the increased workload and new functions such as business support co-ordination. Gaps in regional knowledge and key skills will be identified through this process. This work will take place in the autumn of 2017, with full implementation by end-March 2018.
- 5.3 The Board has considered and agreed new Vision and Mission statements for the company (see section 3). These were developed following consultation with Managers in the business and with the Board. Work is now underway to develop a set of Values and Behaviours for the business.

Partnership working is key to the success of the business. Relationships with important stakeholders are being developed and dialogue is underway, including with LEPs, constituent local authorities, the WMCA and the private sector. Key members of staff, including Directors, have been identified to develop relationships with individual stakeholders (e.g. account managing individual SLAs and contracts). Secondees are being brought on board from partners and skills and knowledge gaps are being filled with new appointments and interim support. New IT solutions are being scoped to facilitate region-wide collaboration with the private sector (e.g. new CRM).

This is a challenging time for the organisation and it is recognised that effective and frequent internal and external communications are a critical factor in ensuring that our staff, partners and customers are effectively taken on this journey. The aim is to reach something approaching steady state by the end of March 2018. The WMCA has committed up to £500k to support this transitioning period and it is anticipated that this will be used to help fund the following:

- HR, restructuring and upskilling
- Legal costs
- Upgrading IT infrastructure

- Rebranding, including taking on board the region’s “competitive positioning” work in partnership with WMCA, TfWM and the Mayor’s office
- Internal and external communication, website and other collateral

5.4 Research has been commissioned to facilitate several key functions of the business and support delivery:

- Investment propositions – this will support the development of key sectoral investment propositions for the West Midlands; partners are being engaged in dialogue to shape the research and capture sub-regional and sectoral priorities (complete October 2017)
- Business support – in partnership with LEPs, this will support the improved co-ordination and delivery of business support provision across the region by identifying gaps in provision, enhancing collaboration and rolling out best practice (complete in two phases – December 2017 and March 2018)
- SEP Delivery – the Black Country Consortium will be commissioned to help the business identify how it is contributing to the delivery of WMCA SEP targets (autumn 2017 onwards)

5.5 A trading subsidiary of the company has been set up – WMGC Enterprises Ltd – to handle private sector and non-Member projects to enable the company to comply with its Teckal exemption and hence avoid procurement with its Member organisations (WMCA, local authorities and universities).

5.6 A transition plan has been developed, the key areas of which are highlighted below:

Key elements of internal transition	Start	Complete
Developing new Vision and Mission statements	06/17	08/17
Developing the Value and Behaviours of the company	08/17	09/17
Reorganisation of staff to align with new business and priorities	09/17	03/18
Skills and knowledge gaps to be filled (e.g. secondments)	08/17	03/18
Incorporate trading subsidiary WMGC Enterprises Ltd	08/17	Complete
Staff familiarisation of the regional geography, partnerships and priorities; internal communications	05/17	03/18
Review company processes and policies in light of new governance and remit	09/17	03/18
Key elements of external transition		
Establishing dialogue and relationships with key partners and stakeholders	05/17	Ongoing
Establishing Service Level Agreements and MOUs with new partners	05/17	09/17
Commissioning research to support delivery of key business priorities	08/17	Ongoing
Partner communications	05/17	Ongoing

A more comprehensive Action Plan for the period until March 2018 is described in section 15, together with a detailed plan in the appendix.

6 Governance

- 6.1 The West Midlands Growth Company is a company limited by guarantee, owned by the WMCA and its seven local authority Constituent Members (the 'A' Members) who have ultimate control and sign off a number of reserved matters. These include the Business Plan and all Board appointments.
- 6.2 Six West Midlands universities are 'B' Members of the company (Birmingham, Warwick, Aston, Birmingham City, Coventry and Wolverhampton). They are entitled to nominate two Directors to the Board. Local Enterprise Partnerships are invited to nominate Directors to the Board from the private sector. There is also scope within the company's Articles for other public bodies (e.g. local authorities) to request the company to do work on their behalf, and hence become 'B' members of the company. The non-constituent local authority members of the West Midlands Combined Authority are entitled to nominate one Director to the Board.
- 6.3 Company members (A&B) can only be public "contracting authorities" as this allows the company to comply with the Teckal exemptions as set out in Regulation 12 so it can be charged by the WMCA, Councils and Universities with delivering certain functions, therefore avoiding a formal procurement exercise. A separate trading subsidiary, wholly owned by the West Midlands Growth Company will handle any residual non-core and private sector contracts hence keeping the Growth Company within the requirement to ensure that no more than 20% of its turnover is provided to the private sector.
- 6.4 The Board composition reflects the nature of the business it undertakes as well as the geography, economy and diversity of the West Midlands region. The WMCA appoints a Chair from the private sector who can act as a champion for growth, with strong links to the region and who is credible on a national and international stage.

The Board has 25 directorships (including the Chief Executive and Chief Operating Officer) to reflect the diversity of stakeholders, but the 'A' Members may reduce the number of directorships in future years. Board meetings will take place six times per year.

- 6.5 The Chief Executive reports to the Chair of the Board and has been co-opted on to the WMCA Management Board. The Chair of the Growth Company has joined the SEP Board.
- 6.6 The Board has established a number of Standing Committees, Working Groups and Task and Finish Groups. The Standing Committees are a formal part of the governance structure, reporting into the Board. The Working Groups and Task and Finish Groups are established on a "needs must" basis, as follows:

Standing Committees:

- Audit
- Remuneration and Nominations
- Strategic Planning

Working / Task and Finish Groups:

- Marketing and Communications (T&F)
- Business Support Co-Ordination (WG)
- SLA Strategy (WG)

- 6.7 The company will also provide regular reports to the WMCA SEP Board on matters such as: its Business Plan; business support co-ordination; and contribution to delivering WMCA SEP targets.
- 6.8 New corporate governance has increased the demands on the company to ensure it effectively services its new Board, Board sub-groups, Task and Finish Groups and the reporting requirements of its company members. A new position of Governance Manager has now been filled to support these requirements.
- 6.9 The nature of the organisation's business and ownership structure has meant that performance, financial and process scrutiny has always been quite deep. The company will continue to ensure that it adopts and follows best practice in the areas of procurement, recruitment, financial and associated areas. Recent audits have demonstrated that the business is already in a very good place in relation to these issues.

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7. Operating Model

As an economic development and investment body, supporting the delivery of the region's SEP, the West Midlands Growth Company will need to play an active role in stimulating investment and growth in the region. As such, it will develop an operating model that is dynamic, pro-active and flexible and develop a culture that is entrepreneurial, professional and driven. We will be intelligence led, and provide thought leadership to the region with regards to our areas of specialism.

The aim of the operating model will be to provide high quality services to our shareholders via a range of core service level agreements (SLAs). We will seek to search out and maximise opportunities for added value at all times, whilst also looking to leverage revenue opportunities from other linked organisations, our clients and our private sector partners. The WMGC will work broadly to generate investment, grow the visitor economy and generally seek to aid the economic development of the region; aiding delivery of the wider goals of the SEP.

Longer term, we will extend our ambitions and seek to maximise the benefits of our unique public/private sector network; ensuring we are a sustainable business, able to generate contingency funds which can be deployed and invested back into the business.

It will be imperative for the company to generate a sustainable level of non-shareholder income to effectively support the operational development and management of the company including:

- a) Funding business development and new business activity, including staff and resources
- b) Delivering a high-quality working environment, flexible and agile IT systems, motivational company events and trained and knowledgeable staff
- c) Funding activity, outside of agreed contracts, which it believes will augment the company's ability to stimulate economic growth and investment e.g. events

7.1 Pricing Structure

The WMGC is a private company limited by Guarantee. It will operate on the principal that no one contract or account subsidises another and delivery of all work is fully funded. We will always seek to charge a fair price, providing value and quality. The company's services to its customers will be priced to deliver agreed outcomes and activities. Our pricing will adopt the following principles:

- a) With Shareholder service level agreements, our pricing will be based on full cost recovery, funding all staff time, overheads and activity costs from Shareholders
- b) We will establish a fixed, agreed rate-card with each Shareholder which will provide transparency regarding process and will be used as the basis for any additional work to the base SLA during the contract period
- c) For non-shareholder clients, we will establish a rate card for services/chargeable time which will recover all staff, overhead, pension and activity costs, aiming to achieve a small contingency of between 5 – 15%
- d) Staff will keep timesheets which will be used to produce estimates for new pieces of work. This will provide a mechanism to quote for both outcome based and time-based contracts
- e) Senior members of staff will be empowered to produce pricing for new projects or new clients. All quotations will need to be agreed by the relevant Director, with the

Commercial Director responsible for ensuring the financial forecast is kept up to date with new business opportunities

7.2 Operating Model considerations

The aim of the company operating model will be to promote the region cohesively, therefore achieving better outcomes for the region. Initially, this pan-regional approach will only apply to 10% of the company's contracts, as this reflects the value of the WMCA SLA (£700k). All other year 1 contracts necessitate delivery of individual, contract specific outcomes. However, the underlying ethos of the operating model for the company will be to co-ordinate or combine different contract outcomes wherever possible, therefore achieving higher outcomes or added value for both the commissioners of activity and the region as a whole. This ambition to co-ordinate contracts, fostering collaboration between different clients so that the company can achieve greater results by combining activity is one of the fundamental principles of the company's operating model.

Illustrative example: Foreign Lead Generation for potential FDI companies linked to the advanced manufacturing and automotive sectors.

Client requirement: GBS LEP, Birmingham City Council, City of Wolverhampton Council, Drive Midlands

Budgetary constraints: no one organisation was able to commission this activity in major international markets.

Solution provided by WMGC: By combining the four separate budgets, collective funding was sufficient to commission lead generation activity in North America, India and German Speaking countries. A competitive tender was held, and 3 companies have been commissioned to implement lead generation activity thereby growing the number of foreign companies investing in the region across these two sectors.

Potential outcomes:

- FDI projects and new jobs for GBS LEP, Birmingham City Council, City of Wolverhampton Council and Drive Midlands
- International promotion of a stronger regional proposition, to cover key sites in the above regions
- International profile raising for the West Midlands Region
- Additional jobs to contribute to the SEP targets.

In order to achieve an efficient working model we will adopt an agile operating model approach, creating a range of sector specialist delivery teams, all of whom will have multiple skills and be able to work across a range of different contracts and customers. This will ensure capability in depth and reduce single points of failure. The company will operate on a matrix, with staff deploying their sector skills (such as PR, marketing or sector specific business attraction skills) for a range of different clients, who could be both shareholders and commercial clients. The agreed outputs or activities of each contract will determine the

amount of time deployed against each contract. Time sheeting will be implemented to facilitate monitoring of staff activity. Regular staff meetings, usage of Sharepoint and MS 365 will foster collaborative working practices so that teams work together to provide an efficient, high quality service.

The company will use its accounting system, Exchequer 365, to produce regular budget reports, to ensure there is robust financial management of each contract. Contracts will be run on a profit and loss basis so that there is transparency with regards to contract profitability to ensure cross subsidisation does not occur. The Leadership team will review financial performance monthly and will use this information to determine the company's annual operational plan. Managers will be made accountable for the profitability of their contracts and we will seek operational efficiency wherever possible.

7.3 Functions

As outlined above in the operating model matrix, the WMGC will deliver seven functional areas:

- Regional marketing
- Attracting inward investment
- Attracting capital investment
- Account management
- Promotion of the Visitor Economy
- Business Support Coordination
- Market Intelligence

Within these areas, which are detailed further in section 10, we will offer a range of products and services which clients will be able to purchase to a greater or lesser degree depending on their requirements. These broad service areas are as follows:

- Strategic marketing
- Campaign planning and implementation
- Place marketing – both strategic and functional
- Communications support and planning
- Digital marketing
- End occupier attraction
- Capital investment attraction
- Consultancy linked to place marketing and strategic investment attraction
- Research and analysis
- Stakeholder engagement - facilitation and co-ordination
- Marketing Services – convention bureau, relocation services and events management
- Brand asset development

We will focus on the seven core functional areas, working in partnership with other local bodies or shareholders where appropriate if a specialised skill set is required that is not present in-house. This is particularly pertinent with regards to research and business support co-ordination, where the company will work with the Black Country Consortium whose skill set complements the in-house team of the WMGC.

In order to maximise investment opportunities, we will also work in partnership with government organisations such as the Department for International Trade (DIT) and the Midlands Engine. In this way, we will be able to provide a high-quality, full-service investment

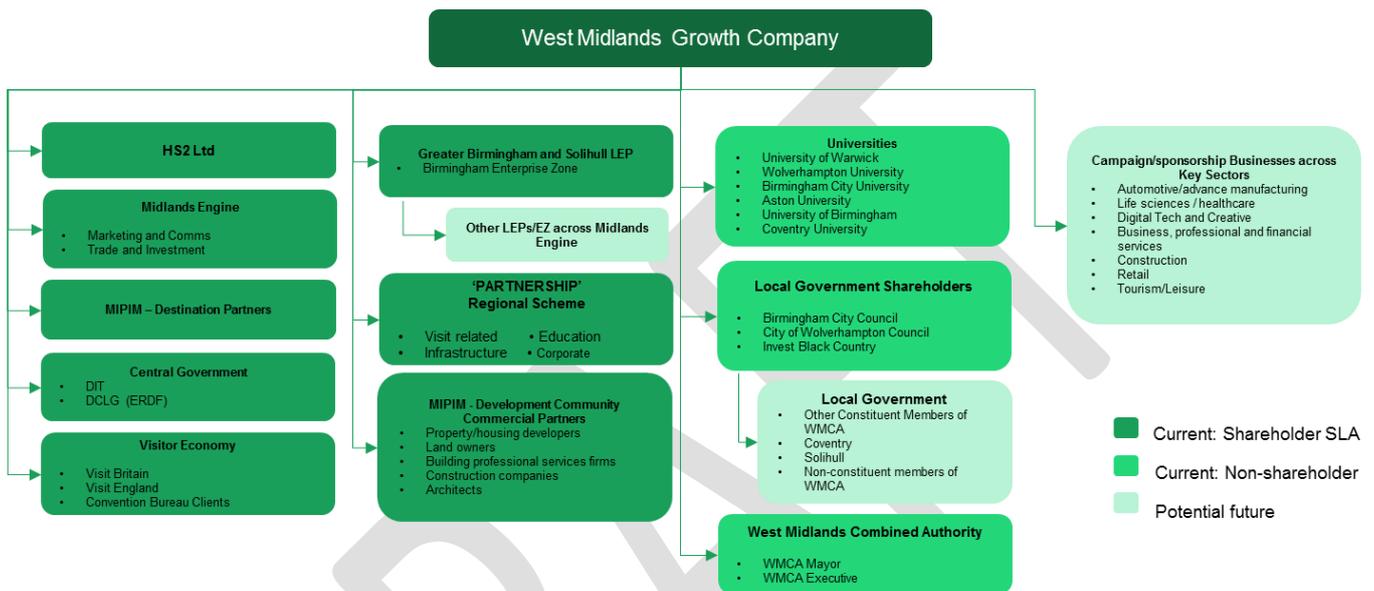
promotion and economic regeneration offer, delivered by dynamic, specialist teams. We will be able to flex our capacity as needed, working agilely for our shareholders and a range of different clients, enabling us to contribute effectively to the outcome of the SEP.

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8. Clients and Commercial Development

8.1 As outlined in Section 7, the aim of the WMGC’s operating model is to provide high quality services to our shareholders, whilst also looking to maximise revenue opportunities from other linked organisations, our clients and our partners. In this way, the WMGC will work to generate investment, grow the visitor economy and generally seek to aid the economic development of the region thereby aiding delivery of the wider goals of the SEP. Diagram 1 below, outlines our current client segments. For the purposes of this diagram, a client is an organisation who pays us a fee for delivery of services.

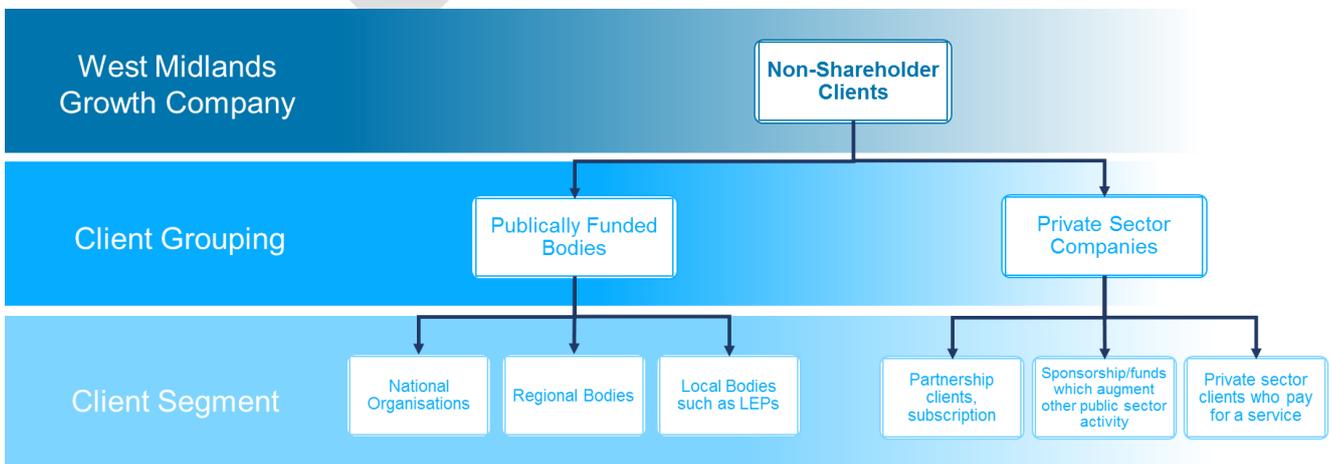
Diagram 1: West Midlands Growth Company Client Map



Our shareholder SLAs represent circa 43% of revenue for the company. The balance of the company income is generated by a range of further contracts. These can be segmented as outlined in Diagram 2 below, which shows that the balance of contracts can be divided into broad groups of clients:

- Non-shareholder publicly funded organisations
- Privately owned, commercial organisations.

Diagram 2: Non-Shareholder Client Segmentation



Our non-shareholder publicly funded organisations include the Greater Birmingham and Solihull LEP, the Midlands Engine, Visit Britain and Visit England, DIT and DCLG, which administers our European Regional Development Fund contract, Investing in Greater Birmingham. Our interaction with these clients is similar in that contracts are generally for larger sums of money (circa £100k or more), the contracts require larger service teams with a multitude of skills and there are many touchpoints with the client.

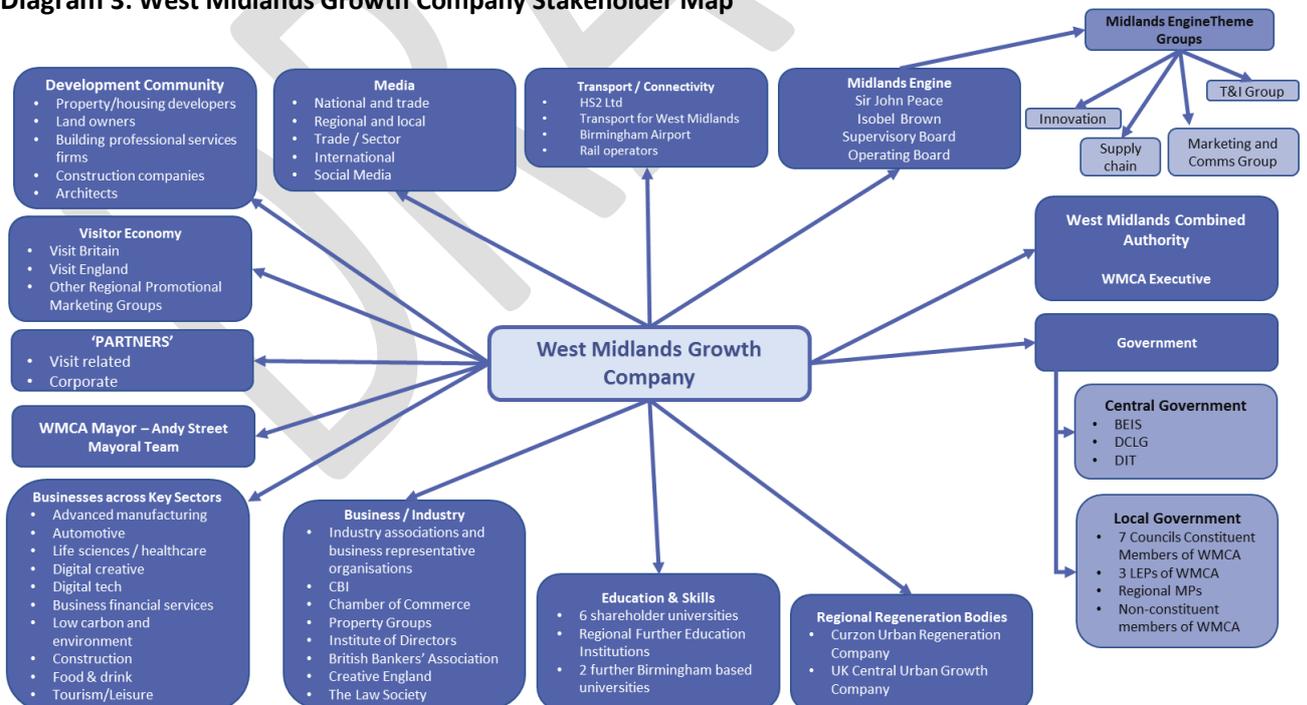
Our private sector clients are far more numerous and can be grouped into three distinctive segments:

- a) Private companies who subscribe to the company 'Partnership' scheme
- b) Private companies who sponsor/contribute to company campaign activity to augment public sector funding
- c) Private sector firms who pay us to deliver a service for them e.g. services linked to the Convention Bureau

For each of these clients, the levels of funding are far smaller and hence they receive proportionately lower levels of service. The company engages with these commercial clients via dedicated teams across the Convention Bureau and Business Growth teams.

One of the company's strengths is its ability to leverage its unique public/private sector network of organisations and companies. In order to deliver against our range of contracts and help deliver the outcomes of the SEP, we have to engage across the region with all sectors and therefore interact with a wide range of stakeholders. The breadth of stakeholders is far wider than the company's range of clients and is outlined in diagram 3 below:

Diagram 3: West Midlands Growth Company Stakeholder Map



This breadth of our public/private sector stakeholder network represents one of the key tools for gaining new clients and is integral to our commercial development and ability to generate sustainable sources of income.

8.2 Commercial Development

Over the next twelve months, in light of the completion of the Investing in Greater Birmingham ERDF contract and the known reduced contract with Birmingham City Council, the organisation will need to generate sustainable levels of income that are not wholly dependent on our shareholders. In this way we will be able to amplify publicly funded programmes, thereby attracting higher levels of investment and generating greater tourism numbers. However, in order to generate these new revenue streams, the company will need to free up capacity which can be focussed on new business activity. Freeing up this capacity is one of the key challenges for the company and will be heavily dependent on the effective implementation of the new, agile operating model.

Opportunities to generate new income streams include:

- 8.2.1 Bidding regionally for greater visitor funds from Visit England/Britain.
To help grow tourism numbers within the region, and augment local public funds, we will strengthen our relationships with Visit England and Visit Britain and seek out opportunities to bid for further regional funding opportunities. In each instance we will broker engagement across the public, educational and private sectors thereby maximising the benefits for all parties.
- 8.2.2 Developing a regional partnership scheme.
We will seek to review our current Birmingham scheme so that it can appeal to:
- Tourism linked businesses across the region, using a 'light touch' client account methodology to increase the numbers of companies involved, and leveraging digital exposure to ensure value and reach.
 - Corporate clients that may already have a regional presence and are willing to support the company and the region as it grows both capital and end-occupier investment.
- By working across a wider regional footprint, we will aim to grow our partner revenue streams from the current £450k to a sustainable £550k over the next three years.
- 8.2.3 Ongoing successful delivery of our shareholder SLAs.
We will aim to secure a further £2,000k from subsequent devolution agreements, thereby ensuring that in three years' time, 30% of a forecasted circa £10m turnover company is dedicated to regional activity, as opposed to the current levels of 10%. By demonstrating high quality delivery we would also hope to gain new service level agreements from both constituent shareholders, and other non-constituent member councils of the WMCA. One of the key strengths of the WMGC as a Teckal company, is that all shareholders will be able to purchase services without having to enter into a procurement process.
- 8.2.4 Growth in the value of contracts with central government bodies such as the Midlands Engine and DIT.
As the Midlands Engine becomes stronger and more established, we will seek to leverage our unique network and sector specialist experience to bid for additional contracts linked to marketing, communications and inward investment. For example,

the company currently manages a DIT funded Drive Midlands programme (current value £176k) to stimulate supply chain activity and inward investment in the automotive sector. Over the next three years we will work to improve this programme by incorporating a supply chain membership scheme into it, facilitating member's access to innovation, skills and finance. We will develop this initiative so that the Drive Midlands programme becomes self-financing over the next five years, targeting a revenue turnover of £300k within 3 years.

Enhanced support for our shareholders universities and potentially individual commissioned project activity:

- 8.2.5 By working more closely with our university partners, we may be able to provide additional value to individual institutions on a project by project basis. Over the next 3 years we will develop our understanding of each institution so that we are able to maximise any opportunities or needs that arise.

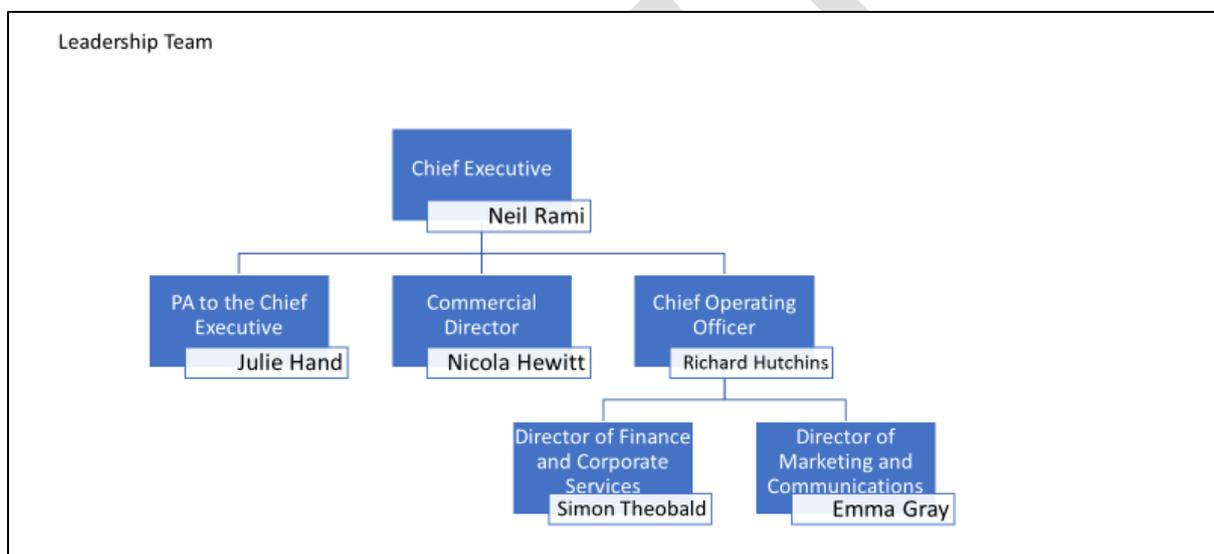
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9. People and culture

The change in focus of the organisation gives the West Midlands Growth Company an opportunity to reflect on how the company needs to be designed and developed so that it can fulfil its ambition to build a region of choice through working in partnership across the West Midlands to develop the region's global competitive position. From an employee perspective, the company needs to look and feel different to reflect the broader and deeper remit and customer base with different local cultures, attractions and challenges.

From an external perspective, the WMGC needs to be aware that it is operating in an increasingly competitive job market where recruiting and retaining is becoming increasingly challenging. We have developed a short-term action plan to address any immediate people risks we have and stabilise the organisation as we enter a period of change.

Work has already started on redefining the organisation and the Executive team has been restructured to reflect the new vision and mission of the organisation.



This Senior Leadership team has been working collaboratively to develop the Business plan and understand the associated skills and capabilities needed to deliver it.

The people and culture agenda will consist of 6 key areas of focus to enable the organisation to transition successfully over the next 11 months:

9.1 Organisation Design – Building an agile organisation

The design of the organisation needs to support the operating model which is focussed on creating the best possible outcomes for our customers by co-ordinating and combining different contract outcomes to leverage regional success. To achieve this, we need an agile organisation where we can deploy the skills and capabilities of our people flexibly across the range of clients we serve. Our aim is to build a design that works by sector with Stakeholder management expertise so we can develop a deep understanding of our clients' requirements. We will have 'service delivery teams' who will then deliver these requirements according to the SLAs we have in place. This gives us more opportunity to flex our resources and focus on efficiencies through effective planning and measurement. It will require some changes to our current structures as we will need to increase our expertise in matrix working, resource planning and identifying opportunities to continuously improve what we do. We will need to

apply a consistent set of principles to the design element of the organisation. These principles will provide us with a way of future proofing the design so we can deliver the business plan:

- Future design must have clear roles and responsibilities and be clear on decision making rights including financial and budget authorities
- Design needs to be based on future requirements - it's not about building around our existing skills and capabilities
- Focus needs to be on core activity and opportunities for continuous improvement – we should remove non-added value activity
- Average spans of control should be 1:4 depending on complexity of the work
- We should reduce single points of dependency wherever possible and aim to increase agility and flexibility in the way we deploy our people
- Future design should create agility in the way we deploy our people so we can flex to meet changes to our customer profile
- It must be able to meet the needs of the business plan over the 2 to 3 years and be scalable
- Effective matrix working must be a core capability of the future organisation

The organisational design element will be the key priority for the next six months and we will review the organisation 'end to end'.

We have completed a headcount forecast regarding our current and future requirements. There will be an overall net increase in our permanent headcount as we move to the new operating model. The split of headcount by area is shown below:

Function	Current headcount	Proposed headcount	Comments
CEO Office	2	2	No change
Operations	5	6	This reflects the increased governance required
Corporate Services and HR	11	12	An investment in permanent HR resource is required
Marketing and Communications	25	29	Increasing investment in our strategic marketing and communication capability so we can deliver across our regional client base
COO sub total	41	47	
Commercial	15	18	Headcount investment to support attracting increased capital investment and expanding the current partnership programme
Grand Total	56	67	
Headcount costs	£2.5m	£3.0m	

To ensure the new organisation design is successful several activities will need to be undertaken to embed the new structures and different ways of working.

9.2 Culture and Engagement

The change to WMGC will create uncertainty for some employees and managing the change successfully will be key to delivering our future business objectives. Creating opportunities for employees to feel listened to regarding their questions and concerns and input to what the future organisation will look like is important. We want employees to feel excited and motivated by the opportunities WMGC will bring and have an input regarding how we should communicate internally and work together.

Staff have been involved in designing the business plan including the vision and mission statements for the organisation. Further engagement is planned through setting up a “guiding team” of individuals across the organisation so that we can listen and act upon feedback regarding what employees want from the organisation and how they feel about the changes. This group will also be tasked with looking at our internal communications strategy and developing our company values. The Leadership team also host bi-weekly staff meetings to keep everyone up to date with company news and encourage teams to share their successes.

Agile working has already been introduced across the company and we are encouraging our employees to work at multiple locations so we build our presence and profile across the West Midlands and spend time with our stakeholders.

9.3 Recruitment and retention of key talent

Our recruitment and on boarding process is currently being refreshed so that we can provide a greater understanding of the purpose of WMGC and the opportunities we can offer. The organisation design work detailed above is creating a small number of new positions which gives us the opportunity to recruit new employees who will bring new skills to the organisation. We are committed to ensuring our recruitment processes encourage diversity and we regard ourselves as an inclusive organisation reflected by the current composition of our workforce. 49% of our workforce are less than 35 years old. Our gender split is 63% female and 37% male; we encourage a culture of agile and flexible working to support our staff to work in a way that meets both their lifestyle and our business requirements.

We are introducing a new two-stage hire process so that we can give new employees a chance to ‘meet the team’ and also giving new starters a ‘buddy’ to support them through their first few months in the business.

9.4 Developing performance and potential

Following finalisation of the business plan we will cascade the business plan objectives across the business via the Leadership team. A new performance management framework will be introduced to provide consistency regarding how employees are managed with objectives in place at individual level. This will create a common platform for performance to be managed and contributions recognised. Personal development plans will also be introduced to support the growth of skills and capabilities.

We also plan to introduce a talent management program so we can identify our key talent who have the capacity to grow into larger roles so we can invest in their development.

9.5 Reward and recognition

The West Midlands job market is becoming increasingly competitive so we are conducting external benchmarking for key roles where we believe we may have some risk of losing valued employees due to salary. Any changes or recommendations are subject to sign off by the Chief Executive and Chief Operating Officer so we have governance and controls in place around headcount budget management.

There is currently no annual salary review, grading structure or benchmarking process. In the short term, we are assessing salaries in the market to ensure we can compete in the job market for newly created roles. Longer term, we will introduce reward architecture so we have consistent review processes in place. Recognition is also being reviewed through the guiding team referred to in section 9.2. An action plan will subsequently be developed regarding how we should recognise achievements, this may be as simple as being recognised by the Leadership team for good work. The Board Remuneration and Nominations Committee will be used as a sounding board for any proposed changes and recommendations to the Board.

9.6 People skills and capabilities

At all levels of the organisation we will need to develop the skills and capabilities of our people so we can successfully transition to WMGC and the wider remit this brings. Our current average length of service is 4 years 4 months which is below industry average and one of the reasons identified is training and development so our intention is to increase investment in this area.

We will be investing in our leaders so they are able to support their teams through change successfully and engage our employees in our future vision and purpose. Managers will need to take more responsibility for decision making so the Senior Leadership team can focus on the strategic agenda and developing key relationships across the region.

We will invest in upskilling managers in how to manage change and introduce new processes to support managers with the right tools to manage their people; improved recruitment process, performance and talent management etc. This will be underpinned by support from the Senior Leadership team to provide the coaching and support required for their teams.

In addition, we will be looking at introducing some management development training modules around core first line management competencies. We will also be undertaking a training needs analysis across the organisation to identify the upskilling required for all staff.

10 Key Functions and Services

As outlined in the operating model (section 7), corporate delivery will be assigned against seven key functional areas:

- Regional marketing
- Attracting inward investment
- Attracting capital investment
- Account management
- Promotion of the Visitor Economy
- Business Support Coordination
- Marketing Intelligence

10.1 Regional marketing - *creating regional brand infrastructure to maximise profile*

Work will initially focus on establishing an umbrella brand strategy and activation plan. The outputs will support other vertical business functions, as a cross-cutting theme. Additionally, the segment will support overarching profile requirements, for example, quality of life, whilst also responding to standout markets and sectoral where there is opportunity or intervention is required. An example of work being undertaken is illustrated below:

The West Midlands competitive positioning project aims to provide strategic brand direction for the region over the next 5-10years. The West Midlands Growth company will play a leading role in both the creation and deployment of an integrated brand solution, formulated around a proposition called "Make Your Mark" - which is rooted in the areas rich industrial heritage but clearly celebrates the modern achievements of the region as a place to live, work and visit.

The output will establish a distinctive brand framework for the West Midlands, which in turn will deliver consistency and create a joined up Combine Authority brand 'family' - (a) The Mayor's Office; (b) The West Midlands Combine Authority; (c) Transport for West Midlands and (d) The West Midlands Growth Company. This approach will support multiple customer journeys and interactions both within region and externally, domestically and internationally. The Growth Company will lead on out-of-region brand positioning working in collaboration with key public and private sector partners.

The creative articulation of the proposition is centred on key design principles (i.e. messaging, ident shape, colour, font), which will be used as a basis for forming the identity of the core "family." The corporate ident solutions are also accompanied by a device featuring the place proposition 'Make Your Mark'. The idea is that this asset can be applied to any communication and/or by any organisation that wishes to attach itself to a regional promotional effort. It also provides an opportunity for sub regional representation, although it should be stressed that it will be up to individual organisation to determine how best, if at all, to utilise the identity framework.

10.2 Attracting inward investment - *securing business relocation into the region*

A new region-wide inward investment strategy will be established, working in conjunction with key stakeholders in the private sector, Local Authorities, LEPs and DIT. Once achieved, a transparent partner framework will be developed to ensure the strategic co-ordination of investor enquiries. Then, working in collaboration, a prospect pipeline will be generated to attract businesses from priority sectors, which will be achieved by liaising with key nationally and internationally multipliers. The team will work to convert and secure businesses, and

support will be given to new companies moving to the region, to those relocating in strategic investment sites and Enterprise Zones.

Following a public tender, the WMGC has appointed IBM-Place Location International to carry out research and help lead a new inward investment strategy for the West Midlands Combined Authority region for the next five years. IBM were appointed due to their experience and expertise in location strategy and economic development, their global reach and deep knowledge of globalisation trends; the company has worked for governments, economic development agencies and most importantly, multiple corporate clients.

The project will consist of desk based research to understand global investment trends, sector and regional workshops to understand our local perspective, and international benchmarking of the WMCA region versus other national and international locations. By the end of November, the project will deliver value propositions for circa 8 sectors or sub sectors which, according to the research, offer the best opportunities of growing international inward investment across the region. The research will also recommend the most effective marketing methods for attracting this investment, to help the company deploy marketing funds efficiently.

From the inward investment strategy, we will be able to understand which sectors offer the highest potential for investment either internationally or nationally, which sectors offer the most potential for either high volume jobs or high value jobs or both and, also, those sectors that may not be appealing for attracting inward investment but may offer opportunities for either development or indigenous growth. The strategy will be shared widely and openly with our shareholders, partners and those stakeholders that took part in our workshops.

- 10.3 *Attracting capital investment - securing investment to key sites and projects*
Working with local partners, the Growth Company will aim to secure new capital investment into the region's infrastructure, business and institutions. The company's role will be two-fold (i) provide strategic quality assurance and market intelligence to planned investment proposals and (ii) deliver profile platforms, assets and opportunities to support with awareness and conversion. For example, representation in pan regional activity (e.g. Midlands Engine).
- 10.4 *Account management - maximising existing business support and delivering strategic advice*
This activity is two-fold – (i) to maximise relationships with existing businesses, by working with companies that have showed significant commitment to West Midlands by investing in multiple operations across the geography. The overarching aim is to create a deeper strategic relationship to support economic growth. This theme needs more development, in comparison to the other six areas, in terms of establishing the mechanisms and methodology to create a shared working environment with partners across the region and (ii) to provide public and private sector clients with consultancy and strategic project support – designing intelligent solutions to stimulate the economy. Further consultation will be required with the SEP Board.
- 10.5 *The Visitor Economy - developing and maximising the direct and indirect economic contribution of leisure and business tourism*
This strand will create a new umbrella approach to maximising the West Midlands regional tourism sector. Initial work will consider performance against provision to provide strategic direction and deliver economic growth. Working with local tourism partners the focus will be on growing numbers and revenues across both leisure and business segments.

- 10.6 **Business Support Coordination**
Establishing a regional Business Support Forum to develop a strategy and plan for enhancing, simplifying and marketing the regional business support offer, in partnership with LEPs, Growth Hubs, universities, other brokers, intermediaries and business support providers in the public and private sectors. Research will be commissioned in September 2017 and in partnership with LEPs from the Black Country Consortium, to develop a better understanding of the regional business support landscape
- 10.7 **Marketing Intelligence - *monitoring and maximising economic performance***
This stream will ensure that the region has an intelligence-base for monitoring performance and supporting with establishing and/or reinforcing business cases for investment and profile purposes. A Memorandum of Understanding (see appendix 4) will be put in place with the Black Country Consortium's Economic Intelligence Unit to foster a more joined up and collaborative approach to commissioning and delivering market research. The Growth Company will focus on its core strengths in the inward investment and visitor economy areas
- 10.8 Within these functions, we will offer a range of services which clients will be able to purchase. The broad service areas are as follows:
- 10.8.1 Strategic marketing - ranging from data analysis and segmentation profiling, to proposition development and planning.
 - 10.8.2 Campaign planning and implementation - integrated B2C or B2B campaigns utilising relevant channels and tactics:
 - (a) Owned media - website, social, blog, email and database
 - (b) Earned media – affiliate marketing, social media, viral, coverage by bloggers, guest posts, consumer reviews
 - (c) Paid media - display advertising (online and offline), SEO, pay-per-click advertising, trade shows, advertorials, sponsorship, event-led activity (exhibitions, missions, familiarisation trips, B2C/B2B events) etc.
 - 10.8.3 Place marketing - both strategic – i.e. proposition-led, brand building - and functional, activation-led activity.
 - 10.8.4 Communications - strategy, planning and implementation support across the communications spectrum ranging from stakeholder mapping and engagement, to media relations and public affairs.
 - 10.8.5 Digital marketing - bespoke or integrated web platforms, social media campaigning and digital tools.
 - 10.8.6 End occupier attraction - lead generation and profile programmes to support the investor journey from initial inquiry, through the options stage to support with corporate landing in region.
 - 10.8.7 Capital investment attraction – working with local authorities and the WMCA Land Commission to develop and challenge propositions, leading to promotional activity to attract both national and international investors.
 - 10.8.8 Consultancy - linked to place marketing and strategic investment attraction.

- 10.8.9 Stakeholder engagement - with an extensive network of public and private business, the Growth Company is able to connect to sectors and sub-sectors to support bids, communication, concept testing.
- 10.8.10 Research and analysis - individual or collective commissions for qualitative and quantitative materials, coupled with business cases development support and campaign performance analysis.
- 10.8.11 Marketing Services - the following functions have scalability to deployed across the region and are considered to be key areas for additional contract development:
- (a) Convention Bureau services** – this area of the business is comprised of two elements (i) accommodation and venue finding services and (ii) business development activity such as bidding for events, conference, exhibitions and congresses
- (b) Relocations Services** – support packages related to individuals relocating to the area, ranging from digital support to bespoke familiarisation trips and help desk
- (c) Event management** – ranging B2B corporate events (stakeholder engagements AGM's) and B2C consumer experiential events. Service provision is at all stages pre-bid direction and/or support, during – implementation and delivery, post-event evaluation and RoI assessment
- 10.8.12 Brand assets - the WMGC owns a series of Birmingham related assets and brand platforms (a) Business Birmingham; (b) Visit Birmingham (c) Meet Birmingham and (d) Relocation Services. These will be used to support with commercial partner programme within the Birmingham region, and as relevant, because it is established attract brand and has the potential to enable wider regional awareness and drive investment and increase leisure and business tourism.

11. Performance measures

The company already has a variety of performance indicators embedded in its contracts and SLAs covering outputs, expenditure, activities and outcomes depending on the nature of each contract. These are reported to each client as agreed in the contract. However, in order to ensure that the WMGC is operating efficiently, we have introduced new high-level corporate measures and targets for the business to confirm we are meeting expected standards and best practice. These performance measures will be measured and reviewed on either a monthly, quarterly or annual basis as appropriate.

People

Measure	Frequency	Target	Owner
Staff retention and voluntary turnover	Quarterly	15 – 20%	Sarah Martin, HR
Sickness	Monthly	8 days	Sarah Martin, HR
Staff satisfaction (employee engagement index)	Annually	70%	Sarah Martin, HR
% of staff who have had an annual appraisal based on objectives (from April 2018)	Annually	90%	Sarah Martin, HR

Contracts and SLAs

Measure	Frequency	Target	Owner
Delivery of all KPIs and metrics in contracts	Annually	100%	Richard Hutchins, COO

Clients and stakeholders

Measure	Frequency	Target	Owner
Key client / shareholder satisfaction	Annually	90%	Neil Rami

Finance

Measure	Frequency	Target	Owner
Turnover	Annually	Circa £10m by 2020	Simon Theobald
Operating contingency at year end	Annually	£100k	Simon Theobald
Staff and overhead costs %	Annually	50% (or less)	Simon Theobald
Clean set of accounts	Annually	100% (with no qualification)	Simon Theobald
Adherence to Teckal exemption (20%)	Quarterly	100% compliance	Simon Theobald

Risks

Measure	Frequency	Target	Owner
Manage high level risks to amber or green status	Quarterly	100%	Simon Theobald

Transition

Measure	Frequency	Target	Owner
Delivery of all actions on transition plan	Monthly	100%	Richard Hutchins
Delivery of all actions in action plan	Monthly	100%	Richard Hutchins

IT and Systems

Measure	Frequency	Target	Owner
IT and telephony system availability	Quarterly	95%	Simon Theobald

Procurement

Measure	Frequency	Target	Owner
Ensure clean audits on procurement	Half yearly	No material issues	Simon Theobald

12. Infrastructure

In order to deliver the ambitious but realistic plans for the WMGC, significant planning and change has already been implemented and is to be developed further over the next 3 years with regard to office locations and the IT and communications delivery support structure. This is necessary to ensure that the ongoing delivery of anticipated contractual arrangements, providing multiple services with the associated targeted outcomes, continues across the wider geography of the WMGC.

- 12.1 The overarching cost base of the business has reduced significantly and our accommodation plan is designed to ensure that our footprint in Baskerville House is minimised, as this premium office accommodation location does provide an excellent entry point into the West Midlands region. Some of our support services can and will be provided from other locations to ensure that cost control remains in balance with the financial constraints of the business. As a result of these changes, many staff are already able to work in an agile way, right across the region enabling greater engagement with our partners and customers as we meet face to face in their locality and resulting in significant cost savings for the business.

To escalate the wider working geography of the business, the WMGC has, as its registered office at 16 Summer Lane, Birmingham, established a combined and effective working location alongside the WMCA. In addition, there are three further client facing area locations at Baskerville House together with hot desking facilities at The Clink in Warwick, Cheylesmore House in Coventry and Civic Centre, City of Wolverhampton.

The registered office at Summer Lane has 12 desks for the use of WMGC staff. These are managed by the Office Management team along with 97 desks at Baskerville House of which 46 are utilised by WMGC and the remainder by partner organisations, including for example DIT and Innovate UK.

- 12.2 Over the last 9 months the Company has made a significant investment and changed to a more agile way of working to make sure that staff are able to work remotely and across the region in multiple locations. There has also been a reduction in the number of “fixed” worker desks required, with most desks booked online as flexible desk accommodation. The Company will continue to promote agile working across multiple locations with some home working being available for those whose work plans suit this way of working.

The Company will also continue to lease the ground floor at Baskerville House until 2022, albeit with a reduced footprint when the lease will be reviewed. Having office space in this significant building in a prime location for UK and foreign visitors is essential for the WMGC to introduce new businesses and investors to the region. There are a number of businesses and partners with a licence to occupy co-located on the ground floor who make a financial contribution towards all the running costs for their desk spaces in the building, ensuring that cost recovery on all space and desk areas is kept to the optimum.

- 12.3 It is the company’s responsibility to check all hard facilities are serviced and checked on a regular basis in line with legislation by the building management and documentation is provided to demonstrate this has been done which needs to be available to view if requested by the governing bodies. WMGC are responsible for the Health and Safety (H & S) of its staff at all offices and ensuring that H & S training for all staff is kept up to date and all risk assessments are carried out. We use best practice and regularly update for the latest H & S guidance and encourage Equality and Diversity amongst the staff group. Full risk assessments are conducted for any staff members working away from the usual office locations and for home working.

12.4 Information Technology and Telephony

With the continued roll out of an agile way of working over 50% of users use laptops allowing them to work anywhere there is Wi-Fi. We are using hosted desktop systems and a hosted telephone system which links to an app on everyone's iPhone; this allows users to connect to our systems anywhere they have internet access. This infrastructure is essential to ensure that all business can be conducted in an effective and confident way from any location. There will be further development and investment into the agile technology and this will become the norm for most staff wherever they are located in the region.

There is a drive to continue further the efficiency savings and greater productivity which has resulted from the mobile IT and telephony changes. There has been a full integration into cloud based IT software systems which have reduced the reliance on physical hardware which has limited accessibility and has a high maintenance cost. We use Microsoft Office 365 E3 to provide all users with Email, Productivity software, Skype and SharePoint for collaboration. We also use MS Dynamics 365 (online) system to provide CRM services to all users. There will be continuous development into IT systems particularly with CRM being available and accessible across the region.

In order to ensure transparency across the region with regard to FDI leads, and to facilitate communication and knowledge share, we are proposing that our Customer Relationship Management (CRM) system is rolled out to all investment departments across the region. This will enable local teams to update enquiries as necessary, but also have visibility of enquiries that relate to their individual SLAs e.g. those that cover the whole of the SLA, or individual regions such the City of Wolverhampton. Work will need to be done to ensure full access from each Local Authority system and each team will need to be trained on its functionality.

13. Finance

The WMGC is ensuring that it develops a sustainable financial position. To this end, much work has been undertaken to attract further sources of revenue, particularly with additional campaigns and events in the region and with added SLA agreements from the West Midlands Combined Authority, City of Wolverhampton Council, a developing pipeline of other Local Authorities and a combined SLA with 6 of the leading West Midlands Universities. The Company has previously relied on significant funding from the European Union and a Service Level Agreement (SLA) with Birmingham City Council and we are aware that these sources of funding will reduce significantly over the next 3 years. We are therefore already mitigating these reductions in funding. Nevertheless, we are planning for growth, with turnover forecast to increase from £7.3m in the current year, to circa £10m in 2019-20.

13.1 Whilst the WMGC is dealing with a significant number of different contracts, the Company has been able to plan and identify its key requirement for financial resources to ensure that operating costs and overheads are kept to affordable and realistic levels with at least 50% of revenue being directly targeted to deliver the SLAs, campaigns and projects being undertaken over the next 3 years.

The Company has considered the need for sustainability and has taken measures over the past 12 months to reduce its overhead costs particularly with regards to office accommodation, utilities and appropriate staffing levels.

13.2 Effective and tight financial controls are in place and to ensure appropriate financial management of the business, the following principles and procedures have been developed and implemented for managing and reporting of the Company's finances:

- An annual budget is set and approved by the Board in March each year.
- A 3 Year budget and supporting cashflow has been developed to 2020, which will be presented to the Board in October 2017
- Budgets are updated monthly to provide an accurate rolling forecast with end of year projected outturn based on actual year to date with updated projections
- Monthly Management Accounts are produced
- The Cashflow Forecast is updated monthly
- Actual to Budget variances with full commentary are produced and considered by the Leadership Team once a month
- The Audit Committee meet four times per year to consider the financial position of the business and report to the Board any necessary concerns
- The Board receives a full financial report at each of their meetings
- The annual financial statements are subject to a full statutory audit
- The internal financial controls are reviewed on a regular basis
- Financial risks are recorded on the Company's Risk Register

13.3 Budget Numbers

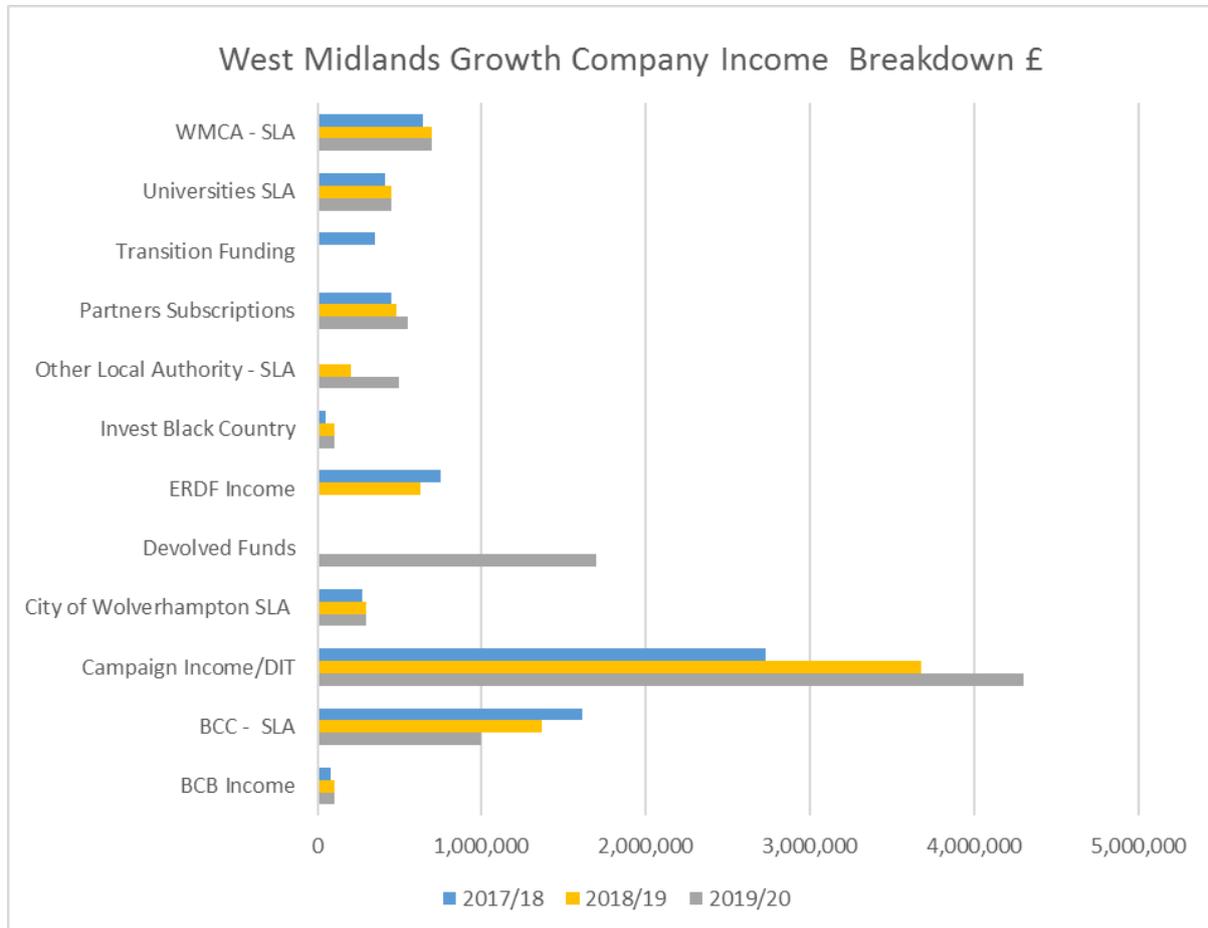
The budgets from 1st April 2017 until 31st March 2020 have been developed based on expected further growth with a number of clients, and some reductions in other areas where funding will be reduced over the next few years.

Campaigns and Events, which make up a very significant part of the business, include the annual MIPIM event, work with the Midlands Engine, Enterprise Zone contracts, GBSLEP contract, DIT funding and other private commercial work.

The budget forecast for the three years to 2020 is shown in the table below:

Budget 2017-2020			
	17/18	18/19	19/20
	Budget	Budget	Budget
Profit and Loss Account			
BCC - SLA	1,613,000	1,367,000	1,000,000
ERDF Income	753,262	627,327	0
WMCA - SLA	641,666	700,000	700,000
City of Wolverhampton SLA	275,000	300,000	300,000
Invest Black Country	50,000	100,000	100,000
Universities SLA	412,500	450,000	450,000
Other Local Authority - SLA	0	200,000	500,000
Devolved Funds	0	0	1,700,000
Campaign Income/UKTI	2,729,014	3,675,673	4,300,000
BCB Income	80,000	100,000	100,000
Partners Subscriptions	450,000	480,000	550,000
Total Income	7,004,442	8,000,000	9,700,000
ERDF MB Expenditure	(1,506,524)	(1,254,654)	0
Campaign Expenditure	(1,944,127)	(3,039,778)	(4,071,778)
BCB Expenditure	(139,769)	(153,746)	(153,746)
Commercial Expenditure	(201,668)	(221,835)	(222,085)
Corporate	(1,106,085)	(1,127,302)	(2,340,033)
Overheads	(1,970,000)	(2,067,000)	(2,673,700)
Hub	(30,000)	(33,000)	(36,300)
Total Overheads	(6,898,173)	(7,897,315)	(9,497,641)
Trading Profit/(Loss)	106,269	102,685	202,359
Contribution Analysis			
SLA	2,992,166	3,117,000	4,750,000
ERDF	(753,262)	(627,327)	0
Campaign	784,887	635,895	228,222
Commercial	248,332	258,165	327,915
BCB	(59,769)	(53,746)	(53,746)
Corporate Spend	(1,106,085)	(1,127,302)	(2,340,033)
Overheads	(1,970,000)	(2,067,000)	(2,673,700)
Hub	(30,000)	(33,000)	(36,300)
Profit/(Loss)	106,269	102,685	202,359

The following diagram shows the revenue values of contracts over the next 3 years. Total Income is expected to increase from £7.3m in 2017/18 to £8m in 2018/19 and then to £9.7m in 2019/20. There is growth in the Campaigns and Events from £2.7m in the current year to £4.3m in 2019/20 and income from SLAs increases modestly from £2.9m in the current year to £3.3m in 2019/20. This demonstrates an increase in the value and diversity of income streams as the Company increases activity across the wider geography of the West Midlands region.



13.4 Cashflow

A full three-year cashflow forecast shows a sustainable liquidity position sufficient to deliver on all the work the Company expects to undertake.

The Company has a £1.2m working capital facility from Birmingham City Council to manage the ERDF “Investing in Greater Birmingham” programme, the cash flow indicates the level of use of the facility and the headroom available at any time.

The cashflow forecast spreadsheet can be found in the appendices.

13.5 Some of the main assumptions are:

- The SLAs are paid in the month they fall due
- The ERDF claims are processed and paid in the month following the end of the relevant quarter
- The working capital facility of £1.2m will be available on request

- All other strands of revenue and expenditure are received and paid in the month they fall due

DRAFT

14. Risks to the Business

As with many business, areas that could impact adversely on the success of the business can come from multiple sources and could be either global, national or local.

Global risks could be financial, such as the previous banking crisis of 2008, they could be political with human unrest resulting in the threat of war between nations, or loss of trade such as the exit of Great Britain from the European Union, which represents many risks such as uncertainty with trade, movement and supply of EU labour until negotiations are finalised. Many of these risks we need to be mindful of, but cannot necessarily directly influence.

National risks could be for example be a failed devolution deal for the West Midlands region from central government, or further political unrest should the government not get an agreed Brexit plan with other EU member states.

Local risks, particularly reputational ones for the cities and districts, could represent a potential downturn in Inward Investment, movement of labour into the region, or lower visitor numbers. An example would be strikes by public sector staff across the councils and emergency services, leading to a lack of confidence in the management of essential services across the region.

14.1 Our business risks are numerous and some of the key risks in our high-level Risk Register are listed below:

- Funding does not come through or does not come through when expected
- Wrong skill set or loss of knowledge through staff leavers
- Clients feeling that there is not enough regional focus or individual client focus
- The period of transitioning could cause distraction resulting in a lack of delivered outcomes and dissatisfied clients
- The current ERDF programme is not fully delivered due to either low outputs or not to agreed timescales

14.2 We have a robust risk process which means that risks are identified quickly and mitigations sought, implemented and monitored. Any risk that is identified to the business is logged onto an electronic Risk Register.

Risks are categorised under the following headings:

1. **Financial:** these would impact on the viability of the business finances
2. **Operational:** these would affect the ability of the Company to operate effectively
3. **Reputational:** these potentially could lead to the business becoming untenable
4. **Health & Safety:** these would potentially lead to prosecution
5. **Compliance:** these would have further impact, particularly financial ones

14.3 The procedures for managing and reporting risk are as follows:

- Anyone who manages risk can add a risk at any time onto the Risk Register
- Each risk is assigned an owner who is responsible for updating mitigating actions and controls being taken to address the risk.
- The Leadership Team reviews the main risks at their fortnightly meetings
- The Audit Committee reviews the Risk Register at their quarterly meetings
- The Board reviews the Risk Register twice a year at their meetings

A copy of the key risks from the risk register are included as an appendix.

15. Action plan

A comprehensive action plan has been developed (see appendix 4) to enable the executive to ensure that transition to WMGC and key business plan actions are monitored and delivered in a timely fashion. The action plan is owned by the Chief Operating Officer on behalf of the Leadership Team and will be updated on a monthly basis. Each action has a senior owner who takes responsibility for delivery.

The actions encompass all key elements of the business and the business plan:

- Finance
- Legal
- HR
- SLAs and contracts
- Governance
- Business planning
- Marketing and communications
- Other aspects of the business, e.g. IT, CRM, office spaces

The action plan initially covers the period from the formation of WMGC until the end of the financial year. It will now be rolled forward on a quarterly basis to ensure it covers a 12-month forward look.

Progress with delivering actions will be linked to the Risk Register to ensure corporate risks are monitored, mitigated and updated accordingly.

The action plan can be found in the appendix at number 3.

Section 16: WMGC Business Plan Appendices

Appendix 1. Finance Cash Flow



Finance Cashflow -
BP 31.10.17.xlsx

Appendix 2: Risk Register



Business Plan Risk
Register XL.xlsx

Appendix 3: Corporate Action Plan



WMGC action plan
Sep 19 v. 2.xlsx

Appendix 4: Draft MOU for Market Intelligence



Market Intelligence
Draft MOU.docx