



West Midlands
Combined Authority

Economic Growth Board

Date	Wednesday 12 th July 2023
Report Title	Business Growth West Midlands
Portfolio lead	Portfolio lead for Economy and Innovation
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Report has been considered by	Earlier version by Business Support Regional Operations Groups and Local Authority Directors of Economic Development

Recommendations

Economic Growth Board is recommended to note progress in delivery of the pan-region Business Growth West Midlands service, with day-to-day delivery led by local authority partners and agree to the creation of a Regional Operations Group to oversee day-to-day delivery of the service.

1 Purpose of Report

1.1 To update the Economic Growth Board's (EGB) on progress and delivery of the Business Growth West Midlands service, in operation from 1 April 2023 to include:

- Business Growth West Midlands (BGWM) progress since the end of March 2023.
- Department for Business and Trade Growth Hub funding.
- Commissioning of regional programmes to support West Midlands businesses.
- Future operational governance.
- Operational issues and proposed next steps.

2 Background

Business Growth West Midlands Update

2 Task & Finish Group



- 2.1 The regional Business Support Task and Finish Group, driven by Local Authority officers and supported by the WMCA team and representatives from Greater Birmingham and Solihull and Coventry and Warwickshire Growth Hubs has driven significant progress in recent months with the “soft launch” of the Business Growth West Midlands service on 1 April 2023.
- 2.2 As Economic Growth Board members will recall, this is a substantial change to the delivery of business support services in the West Midlands and Local Authority officers are to be commended on their excellent, collaborative working in launching a cohesive and coherent service with no observable difference in the consistency of service following the closure of the Black Country LEP Growth Hub and closure of the Coventry and Warwickshire LEP (noting that the Growth Hub still operates in Coventry and Warwickshire as a deliverer of certain business support services).
- 2.3 Despite this, there does remain some variability of service with the areas where Growth Hubs remain (Greater Birmingham & Solihull and Coventry) able to maintain delivery relatively unchanged. Black Country local authorities have mobilised and are pursuing different models for their “spokes” ranging from fully in-house to fully procured (with processes underway to establish provision where that is the case). However, in the Black Country there has already been an upward trend of businesses supported in April and May compared with comparable figures for the final quarter of delivery by the Black Country LEP Growth Hub, with an additional 10% for April and 50% in May.
- 2.4 The first quarter of the financial year has necessarily been a transition period given how many partners have been involved in completing residual ERDF programmes and pivoting into a new service. During the first two months, referrals to specialist programmes (many of which have been supported by ERDF) dropped by 20%. As new specialist programmes come on stream over the summer and autumn, we should see this number begin to grow again.
- 2.5 It is proposed that the Task & Finish Group is now disbanded and becomes a Regional Operations Group to meet monthly. Terms of Reference have been discussed and agreed with the Task and Finish Group and Local Authority Directors of Economic Development. The Terms of Reference are appended to this report.

3 Department for Business and Trade Funding

- 3.1 In addition to the already allocated UK Shared Prosperity Fund (UKSPF) for regional programmes and the local authority led SME advisory service, core “Growth Hub” funding has also been offered by the Department for Business and Trade (DBT). This is of a total value of £420,000. However, this includes a



£40,000 allocation for cluster lead duties in the NUTS 1 West Midlands which has been undertaken by Coventry and Warwickshire Growth Hub in recent years. Given the transition state of Business Growth West Midlands, it is proposed that C&W Growth Hub continue to carry out this function for this financial year.

- 3.2 As previously raised with Economic Growth Board, it is proposed the remainder of the money will be used for the WMCA Core staff team on BGWM. This will allow the current UKSPF allocation to support Core Hub staff to be recycled back into regional business growth priorities.
- 3.3 It is proposed that the Regional Operations Group recommend options (via Local Authority Directors of Economic Development) to Economic Growth Board for best use of this funding, following the established principles of the Business Support Review. A short paper to this effect will come to Economic Growth Board in September.

4 Branding, Marketing and Communication

- 4.1 The Business Growth West Midlands service “soft launch” in April established some relevant branding and a web landing page directing enquiries to the relevant Local Authority delivery “spoke”. Work is now underway to expand this service with a first phase due for completion in July and a further phase in September.
- 4.2 This expansion of the promotion of the service will complement the increase in delivery capacity amongst Local Authorities, formal launch of two of the regionally commissioned programmes (see 5.1 to 5.3 below) and a high-profile event for Business Growth West Midlands with the portfolio holder and Mayor, including a full programme of events for businesses and partners. These are all scheduled for September.
- 4.3 The launch event will be followed by a series of roadshows in localities, working closely with local authority teams and a programme of events based on business needs and issues as well as partner campaigns and activities.

5 Regionally Commissioned Programmes

- 5.1 The tender process for Investor Readiness and Regional Decarbonisation Programmes has been completed and suppliers identified and informed.
- 5.2 No contracts will be issued until UKSPF funding for the financial year has been confirmed, although the successful organisations have begun some mobilisation activities at their own risk.



- 5.3 In addition, the business plans for both the High-Growth Accelerator Programme and the Supply Chain Transition Programme (funded through the Commonwealth Games Legacy Fund) were agreed by the Investment Board on the 19 June 2023, allowing funding to be released once the grant agreement from DCMS is reviewed and signed by WMCA. The tender specifications for both programmes are currently being written with the expectation that the tender is released in July leading to an October start date.

6 UK Shared Prosperity Fund

- 6.1 WMCA have still not received Grant Award letters or funds for 23/24. DLUHC have indicated that they need to carry out a full reconciliation of Year 1 spending and our credible plan submission for carry forward of year 1 underspends into year 2 before issuing this. The WMCA SPF year 1 return was completed and submitted to DLUHC early May, and following some recent clarifications from government was resubmitted on Monday 19th June. We are now waiting for government to confirm approval of the return and carry forward request and issue our year 2 award.
- 6.2 West Midlands Finance Directors have been updated and consulted in relation to managing programme level delivery risk, following this funding award change by DLUHC. At meetings in March and April the WMFD's agreed to progress some SPF activity locally, at risk, on a case-by-case basis.
- 6.3 The WMCA agreed the same position with payments for core staffing and small contracts honoured at risk, with the majority of discretionary spend paused, until funding is secured.
- 6.4 Given this current position, it is likely that the WMCA will not be in receipt of the Grant Award letter or funding until later this month. As we are now moving into quarter 2 of year 2 this delay is effectively putting a number of UKSPF projects for year 2 at risk.
- 6.5 The WMCA are continuing to escalate concerns to central government, and through wider forums including the National SPF Accountable Bodies Forum and other M10 Forums.

7 Priorities and Next Steps

- 7.1 Although the Business Growth West Midlands service has made a good start there are a number of priorities over the next two months to ensure that West Midlands businesses secure the best possible service from September as transition away from LEPs continues.
- 7.2 Priorities include:



- ensuring a coherent and cohesive reporting methodology across the seven local authorities and regionally commissioned programmes
- securing UKSPF funding for year 2 to enable formal commissioning of regional programmes,
- launch regional programmes that are inherently tied to local delivery with referrals into and out of localities and commissioned programmes.
- commencing the tendering process for the Commonwealth Games Legacy Fund regional programmes, once the grant agreement is in place
- tying the Innovation Accelerator and future regionally funded projects more closely into the wider ecosystem.

8 Financial Implications

- 8.1 Business Growth West Midlands is supported, in full, by grant funding through a mix of, primarily, UK Shared Prosperity Fund with some additional funding through the Commonwealth Games Legacy Fund and Department for Business and Trade “core” funding.
- 8.2 The current financial risk is that the UK Shared Prosperity fund is not expected to be in place until July and Commonwealth Games Legacy Fund will be approved in two weeks. This means that there is a direct risk to services should this funding be delayed or not be forthcoming in the future. Only existing posts and small existing contracts are currently being funded at risk, with all new commissions and recruitment on hold until funding is secured.

9 Legal Implications

- 9.1 There are no new legal implications for WMCA resulting from this report.

10 Equalities Implications

- 10.1 There are no direct equalities implications.

11 Inclusive Growth Implications

- 11.1 There are no direct inclusive growth implications. However, the overarching aim of Business Growth West Midlands is to ensure that all businesses, regardless of geography, benefit from expert support that enables growth across the region and in all communities. In addition, commissioning of regional programmes is based on ensuring that businesses and communities across the geography benefit from those programmes and that is a key outcome of the tendering process.

12 Geographical Area of Report's Implications

- 12.1 The report relates to the 7 Met area.

13 Schedule of Background reports



Business Support Regional Operational Group (BSROG) **Terms of Reference**

Purpose

Paragraph 182 of the Deeper Devolution Deal states: “The government recognises the WMCA as the lead institution for integrating business productivity interventions at the city region level” with a “new, empowered role in integrating, promoting and overseeing access to business support and advisory services, small and medium-sized enterprise finance and the broader commitments agreed as part of the deal. This will strip inefficiencies out of the system and increase small and medium-sized enterprise access to support.”

In practice, working closely with a range of partners, and with the seven metropolitan local authorities at its heart, this activity has been ongoing for some time with two reviews of business support in the West Midlands and the subsequent bringing together of a business support task and finish group in October 2022 to agree priorities, responsibilities and accountabilities surrounding the delivery of business support in the West Midlands. This Terms of Reference formalises that task finish group into an ongoing operational body that ensures the quality of delivery of business support across the West Midlands.

In terms of governance, the Business Support Regional Operational Group (BSROG) will be an advisory body to the WMCA to enable the above and ensure that the delivery of business support across the West Midlands is equitable, consistent, high quality and meets the needs of the region’s business base. It will feed into reporting into the Economic Growth Board under the oversight of the Executive Director for Economy, Skills and Communities (or replacement role).

Role of BSROG

The role of BSROG will therefore be:

- To ensure the effective day to day delivery of the Business Growth West Midlands service, as the brand for the business support ecosystem in the West Midlands
- Align and champion the needs and demands of Business Support in the West Midlands and how that drives economic growth and social change. This means ensuring regional plans and strategies for business support drive the conditions which result in business, productivity and jobs growth. This includes taking an evidence-based approach and providing on-the-ground data and insight from West Midlands-based businesses
- Identify business support priorities to support the region’s Plan for Growth, building established and nascent cluster strengths that support the case for inward investment, jobs growth and upskilling.
- Constructively challenge the WMCA and partners to prioritise business support in areas of specific need for the West Midlands and/or local economies



West Midlands Combined Authority

- Enable coordination between national, regional and local business support activities, specifically with reference to paragraph 181 of the Deeper Devolution Deal says "The government welcomes and will support WMCA's desire to bring greater coherence to the business support and finance landscape. This will be a key part of our joint efforts to boost local growth, and to raising living standards across the city region."
- To ensure accountability for and high-quality delivery of the regional business support offer and to link in and develop the wider ecosystem to the same principles
- To support the delivery of wider strategic objectives for the region through the business support offer (e.g. net zero, regulation, statutory functions, social economy and skills agenda)

Measures of Success

Specific success measures, under the remit of the Group include that:

- The region can demonstrate a connected, coordinated business support provision for business which supports and increases productivity, start-up and scale-up levels, job creation and growth
- A publicly-funded business support ecosystem with high levels of client satisfaction and measurable impact.

There will also be a suite of KPIs to be measured and monitored regularly, as agreed by the group. KPIs will not be contractual and indicative; some will be outcome focused and others will be a reflection of the service itself e.g. customer satisfaction. They will be added to the terms of reference of this document once agreed.

Accountability

The Group is accountable to WMCA Economic Growth Board under the oversight of the Executive Director for Economy, Skills and Communities (or replacement role).

It is also supported through the WM Directors of Economic Development Group

Actions (not minutes) will be recorded by WMCA, who will provide the secretariat and circulated; owners should resolve actions as soon as practicable. Papers will be circulated in advance as far as possible.

The group will review its activities and Terms of Reference on an annual basis and will conduct an annual review (in line with Department for Business & Trade expectations and deadlines).

Changes to the TOR can be made as part of that cycle or by agreement of members, this may include the termination of the group, which would need to be approved by Economic Growth Board.

Group Members

Members of the Group will be drawn from the WMCA, each of the seven Local Authorities and from the West Midlands Growth Company as the main publicly funded business support delivery organisations in the region.



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One regular and one alternate member to be nominated by each Local Authority
One regular and one alternate member to be nominated by WM Growth Company
Chair and alternate to be provided by WMCA
Other members to be included by invitation and agreement

The Group will adhere to Nolan Principles and manage any potential conflicts of interest in accordance with the legal requirements of the WMCA

The group will generally proceed by consensus, voting would only take place if necessary at the discretion of the Chair

Frequency

Members will meet monthly in person (wherever possible) where duration will match the business to be transacted. It will be an aim to meet periodically at each local authority premises, as well as at WMCA.

BSROG Executive Support

The Secretariat for the BS Regional Operations Group will be provided by the WMCA Economy, Skills and Community Directorate.