



West Midlands  
Combined Authority

## Economic Growth Board

<b>Date</b>	Wednesday 12 <sup>th</sup> July 2023
<b>Report Title</b>	West Midlands Plan for Growth: mobilisation and delivery
<b>Portfolio lead</b>	Portfolio lead for Economy and Innovation
<b>Accountable Chief Executive</b>	Laura Shoaf - Chief Executive, WMCA Email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Ed Cox, Executive Director – Strategy, Integration and Net Zero Email: <a href="mailto:ed.cox@wmca.org.uk">ed.cox@wmca.org.uk</a>
<b>Report has been considered by</b>	

### Recommendations

Economic Growth Board is recommended to note progress against a broad range of activity in mobilising Plan for Growth activity.

#### 1 Purpose of Report

- 1.1 To update Economic Growth Board (EGB) on delivery progress against Plan for Growth.

#### 2 Background

- 2.1 As EGB members will recall, The West Midlands Plan for Growth takes a twin-track approach to securing new economic growth in the West Midlands economy by:

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

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



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

2.3 In practical terms, this means taking a cross-cutting, or horizontal, approach to initiatives that have the potential to mobilise growth and high value jobs right across the economy. By way of example, these might be in areas of skills, access to finance or employment land.

2.4 In addition, there will be a number of specific and targeted interventions that will unlock growth opportunities in specific clusters.

### **3. Cross-Cutting Activity**

3.1 Since the last Economic Growth Board, several regional programmes have either launched, or will shortly launch, aimed at growing the highest potential businesses in key parts of the West Midlands economy. These major regional programmes aim to turbo-charge growth and deliver for our key clusters. An update on each of these programmes is provided below:

### **4. West Midlands Co-Investment Fund**

4.1 The West Midlands Co-Investment Fund is a £25 million fund created with investment from West Midlands Combined Authority and the West Midlands Local Government Pension Fund. It will invest equity finance, up to £1 million, in at least 46 high-growth small or medium-sized enterprises based in the West Midlands. It is designed to attract additional private sector funding from outside the region alongside each individual investment, at least equal to the amount invested by the fund.

4.2 The venture capital firm Midven was selected in March 2023 to manage the fund over its ten-year lifetime and a launch event took place on 27 June 2023. The Fund is available for post-revenue businesses turning over at least £100,000 and is expected to generate an extra £49 million for the regional economy and create or secure at least 800 jobs.

### **5. Innovation Accelerator**

5.1 As EGB members will recall, in a co-creation process the Innovation Board has worked with Innovate UK (IUK) to develop the £33m West Midlands Innovation Accelerator (IA) and ultimately selected five of the 14 projects to pass IUK threshold to be funded.



5.2 The supported projects will focus on clean-tech, med-tech and health-tech priorities, alongside initiatives aimed at boosting the overall level(s) of innovation in the West Midlands economy:

### Projects

- **West Midlands HealthTech Accelerator (£14,513,471):** the project will provide a national focus for the development and deployment of new healthcare technologies, growing a vibrant and self-sustaining cluster of activity centred in the new Precision Healthcare Technology Accelerator facility, leveraging major recent private investment alongside significant regional assets to attract and support medical innovators.
- **DIATOMIC (£6,042,616):** the project will broaden and accelerate the West Midlands innovation ecosystem by enabling more people and places to be involved in the design and delivery of innovation, and the diffusion of the benefits into the community. The project will establish the first regional hub of the national Inclusive Innovation Network.
- **West Midlands Innovation Programme 2.0 (£2,888,317):** the project will address the "Capability and Capacity" strand of the West Midlands Innovation Accelerator, supporting cross-sector, demand-led innovation and enhancing the connectedness and operation of the region's innovation ecosystem, building on the outcomes of the first Innovation Programme, which was supported by WMCA.
- **Clean Futures (£8,034,908):** the project will support the transition of manufacturing capability and associated supply chains from fossil-fuelled transport products to clean-tech transport.
- **Biochar Innovation Accelerator (£1,822,376):** the project will strengthen the supply chains and expand participation in the cluster of companies investigating market opportunities for applications of Biochar technology. These include productive use of waste and residues to replace the need for fossil fuel-based resources in applications such as renewable heat and power, planting materials for green roofs, green walls, urban trees and plant growth enhancers.

5.3 As part of our ongoing engagement with the IA, the WMCA will be supporting the projects in three ways:

- Providing a 'Critical Friend' to the projects, observing their development, ensuring connectivity with other regional business support activity with a focus on ensuring that IA projects deliver fully on Plan for Growth and Business Growth West Midlands priorities and reporting to the Innovation Board
- Supporting regional communications and marketing of the programme and the projects
- Liaising with IUK and acting as an advocate for the projects



#### **5.4 Activity to Date**

- Innovate UK has been undertaking their due diligence of each of the project partners. At the time of writing three projects have passed the due diligence and have received their grant offer letters.
- All projects have shown high commitment levels and engagement. There is a strong commitment to sustainability of all the projects and to ensure their impact in creating UK and in some cases global centres of excellence.
- While most of the projects are in the process of identifying clear milestones in their delivery plans, activity has begun at risk in all projects in developing governance structures and engaging sub-contractors and partners.
- There are also links to be made to Business Growth West Midlands advisors based in each of the seven LAs to ensure they are fully briefed on all IA projects as part of the business support ecosystem.
- Multiple projects are cognisant about the follow-on investment needed. WMCA will ensure IA projects are aware of the new Investor Readiness programme offer when this is awarded. WMCA will also look to hold an investor pitch event for all projects early in 2024.

#### **6. Made Smarter**

- 6.1 The Made Smarter Adoption programme aims to boost manufacturing SME productivity, growth and efficiency. The programme supports businesses with Industrial Digital Technology (IDT): Robotics and autonomous systems; additive manufacturing; data analytics; AI & data; Virtual modelling/ VR.
- 6.2 The objectives of the programme are focused on addressing the barriers to IDT adoption set out in the Made Smarter Review – including overcoming key barriers: low level awareness of IDTs; accessing funding to invest in IDT solutions; and know-how and skills including weak leadership and management.
- 6.3 The WMCA is the Accountable Body for delivering Made Smarter in the West Midlands (MSWM) in the NUTS1 region.
- 6.4 MSWM is now entering its third year of delivering business support for the digitisation of manufacturing. Government has confirmed a further £2.3m for this financial year and there is a strong pipeline for further engagements, roadmaps and grants.



6.5 MSWM outputs to date are shown in the following table.

Service Line	21-'22	22-'23	23-'24	
			Target	Actual to date
Registration and Initial Assessment	207	322	390	48
Further Assessment and Support	132	110	110	18
Roadmapping Workshops	100	110	110	21
Grant funded Project	36	47	44	7
Internships	2	5	0	0
Leadership Training	0	20	20	0
<b>Grants Awarded</b>	<b>£593,519</b>	<b>£840,597</b>	<b>£880,000</b>	<b>£121,927</b>
<b>Total Project Size</b>	<b>£1,598,353</b>	<b>£2,283,753</b>	<b>£2,300,000</b>	<b>£330,396</b>

**Projects to be Commissioned:** subject to confirmation of funding from UK Shared Prosperity Fund

## 7. Investor Readiness Training Programme

- 7.1 Aimed at addressing challenges on the demand-side of finance, with the supply-side addressed, in part, through the West Midlands Co-Invest Fund. This programme will work closely with the Co-Invest Fund and other external funds to maximise the growth potential of firms going through the programme.
- 7.2 Demand-side barriers to SME investment include:
- Unwillingness to seek external finance (e.g. because of reluctance to cede ownership and control)
  - Shortage of investible propositions from the investor perspective ('investibility')
  - Weaknesses / credibility issues within business leaderships
  - Lack of understanding about how to 'sell' their business to equity investors / banks, identify and locate suitable partners
  - Lack of understanding about the non-monetary value that external financiers can bring to a business (contacts, advice, discipline, growth strategy etc)
- 7.3 These barriers can undermine the effectiveness of publicly funded programmes designed to increase the supply of finance (e.g., rolling investment funds, facilitating angel networks, loan guarantees and subsidies).
- 7.4 The programme will work with up to 600 West Midlands firms with an aim to increase the external investment they are able to leverage be that through loans, equity, or other sources.

## 8. Regional Decarbonisation Programme



- 8.1 Working closely with local authority partners, this project will assist up to 1400 firms on a one-to-one “audit” basis to decarbonise, focusing on the most energy intensive business be they in industrial energy processes or in commercial businesses with high intensity energy usage, particularly in the hospitality industry.
- 8.2 This programme will address some of the emerging recommendations of the forthcoming Industrial Energy Taskforce report, which will come to a future Economic Growth Board in September 2023.
- 8.3 In addition, WMCA officers are working closely with the Department of Energy Security and Net Zero in the design of a complementary pilot project that will focus on reducing the energy demand of businesses across the West Midlands.

## **9. Cluster Growth Activity**

- 9.1 In addition to these programmes, focused on unlocking high growth opportunity right across the economy, WMCA have been working with cluster organisation bodies to identify specific opportunities to unlock growth for that cluster.
- 9.2 Specific activity and deliverables, led by the clusters themselves, in Q1 23/24 include:

### **Aerospace:**

- increasing the depth of understanding of the supply chain opportunities in the West Midlands with a focus on unlocking pilot project activity to diversify the supply chain. In addition, there is work going on to better understand funding into the region through the Aerospace Technology Institute (as the primary funder of innovation activity in the aerospace industry)

### **Creative Content Gaming and Production:**

- strategy launch in May 2023 with a clear focus on deliverables with priority missions of IP Content Fund; Monetising Creative Content; Future Media; Games Sector; Sustainability

### **Med-tech and Health-Tech: -**

- workshop held with key landowners and developers to address key barriers to cluster growth from a land perspective with emerging conclusions having a particular focus on unlocking specialist grow-on space.

### **Logistics and Distribution:**

- development of a logistics accelerator programme focused on driving innovation in the supply chain, working closely with Logistics UK and several major industry firms

### **Manufacture of ELVs and Batteries:**



- strategy development focused on skills development (building on existing programmes in several of West Midlands universities and further education colleges); R&D&I (building on some of the excellence that exists in the region's universities) and supply chain development and diversification – with a supply chain diversification programme in development utilising the Commonwealth Games Legacy Fund.

#### **Manufacture of Future Housing:**

- emerging Future Housebuilding Strategy due for publication in the autumn with work underway to enable West Midlands suppliers to benefit from the Strategy with a focus on skills priorities and supply chain development

#### **Modern and Low Carbon Utilities:**

- focusing on next generation of industry through R&D Innovation Accelerator projects as highlighted in 5 above and focused on clean technologies, gas and electricity energy system development, and deep-dives into the supply chain potential as it relates to hydrogen

#### **Future Professional and Financial Services and supply chain:**

- publication of FinTech Skills Framework, with launch of first fintech skills course by BMet College, supported by WMCA. Announcement of BNP Paribas Personal Finance for second FinTech demand led incubator. Representation of WM sector capabilities at national flagship events including, for example, UK FinTech Week; national LawTech conference.

#### **Digital and Tech as an underpinning “ninth cluster”:**

- Tech Commissioner, Martin Ward, now in post and beginning to establish key priorities and deliverables, working closely with Tech West Midlands as the rebranded and refocused Birmingham Tech with early priorities including a clear, shared purpose of the sector regionally, maximising external visibility of the sector from outside the region, increasing internal collaboration between tech organisations and a focus on support for future high growth tech businesses.

9.3 In addition, the Head of Economic Development and Delivery has had initial conversations with three local authorities on their local cluster priorities and would welcome further conversations with all seven authorities.

## **10. Financial Implications**

10.1 This paper is a position statement on the programmes within Plan for Growth, therefore is not requesting any financial approval for funding.



- 10.2 There will be significant financial implications in the delivery of Plan for Growth, with programmes funded either from existing budgets or from funding requests that must follow the agreed WMCA governance policies and procedures.

## **11 Legal Implications**

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

## **12 Equalities Implications**

- 12.1 There are no direct equalities implications.

## **13 Inclusive Growth Implications**

- 13.1 There are no direct inclusive growth implications. However, the overarching aim of Plan for Growth is to ensure an increase in 44,800 high value jobs to the region by 2030, which will increase the overall well-being of West Midlands residents. 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.

## **14 Geographical Area of Report's Implications**

- 14.1 The report relates to the 7 Met area.

## **15 Schedule of Background reports**