

## Economic Growth Board

<b>Date</b>	<i>25 January 2024</i>
<b>Report title</b>	<i>Business Growth West Midlands – Service Update &amp; Future Funding</i>
<b>Portfolio Lead</b>	<i>Councillor Stephen Simpkins</i>
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<b>Report has been considered by</b>	<i>An earlier version of this report has been considered by Local Authority Directors of Economic Development</i>

### **Recommendation(s) for action or decision:**

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

- (1) Note progress against delivery of the Business Growth West Midlands service
- (2) Note and, as appropriate, support proposed commitment of forecast regional underspend from Core Hub and Strategic Relationship Management activity
- (3) Note and, as appropriate, discuss and provide directional steer to officers on future funding models for business growth and productivity support post March 2025

#### **1. Purpose**

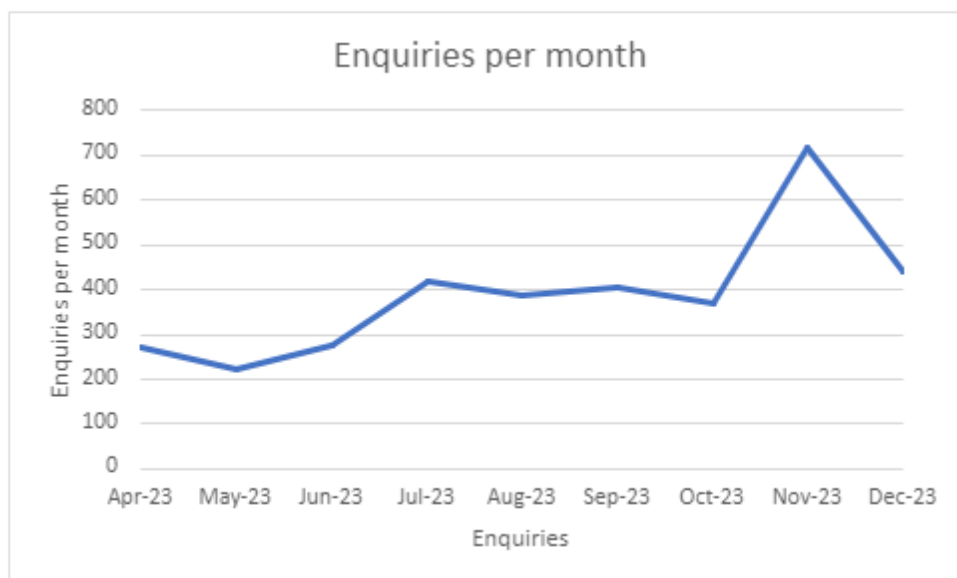
- 1.1 This report brings Economic Growth Board members up-to-date on progress of the Business Growth West Midlands service in its first nine months of operation. It also points to future priorities for forecast underspend and requests initial guidance from Economic Growth Board as to priorities post March 2025.

#### **2. Business Growth West Midlands service update**

- 2.1 The overall BGWM service is now becoming established with key highlights from monthly data to 31 December 2023 presented below.
- 2.2 Total enquiries into the Business Growth West Midlands service stand at **3,499** since the soft launch of the service on 1 April. Although December saw a seasonal dip to 439

enquiries from a November high, this was still above all previous months, with the exception of November, and it is anticipated that there will be an increase back to at least November numbers in the final quarter of the year.

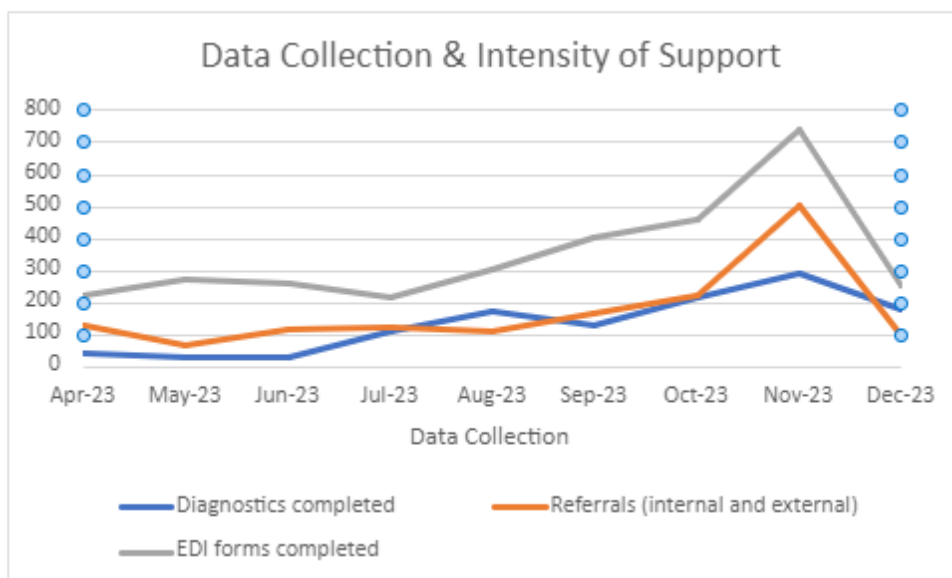
- 2.3 The website remains the main point of entry, which is indicative of the drive to make this the natural start for businesses seeking support and to grow in the West Midlands. By way of example, there were 402 web enquiries in November, representing 56% of the total, where the second largest enquiry volumes are through email (172).



- 2.4 Overall, the number of businesses supported remains very strong, with some expected variations by locality. Micro, small and medium-sized businesses are 54%, 20% and 5% of clients respectively. This represents a slightly bigger average size business than the general business population, meaning that BGWM is reaching its target market of small businesses, although there is more to be done in this regard. The total number of businesses supported also represents an approximate doubling of queries compared with the service delivered by the three Local Enterprise Partnerships.

Unique Business Supported by Size	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Pre-start (not trading)	15	21	31	40	14	43	33	35	32	264
Start-up (trading less than 12 months)	56	52	65	67	70	87	110	150	56	713
Micro (trading, 1-9 employees)	238	248	262	235	278	375	346	511	175	2668
Small (10-50 employees)	81	102	83	115	119	126	124	184	67	1001
Medium (50-249 employees)	14	21	19	37	27	31	35	50	19	253
Large (250+ employees)	5	3	8	2	1	5	2	2	1	29
Total	409	447	468	496	509	667	650	932	350	4928

2.5 The total number of diagnostics completed in **December** was **177**. This represents intensive one-to-one working with a business to best understand the individual businesses needs and provide tailored support. This level of in-depth support has more than doubled since September with an overall figure of **1,187** since April 2023 demonstrating that business interventions at all levels are growing, driven by a bigger pipeline of initial queries and expanding capacity in local teams as the overall service reaches an early stage of maturity.



2.6 To ensure consistency and quality of service delivery across the region, BGWM has created a communications channel for front line advisers. This follows successful regional adviser briefings on 7 December and 11 January involving 35 to 40 front line staff. The briefings and channel will improve information flow, sharing of best practice, and will be used to further encourage consistency of delivery across the geography.

2.7 In addition, a Task and Finish Diagnostic Group has been established, led by Coventry and Warwickshire Growth Hub, bringing together practitioners from across the region to ensure that the business diagnostic tool is being used effectively across the region and to look at improvements.

2.8 The front-line Birmingham and Solihull BGWM team (formerly GBSLEP Growth Hub) transferred into Birmingham City Council on 1 December. The focus and resilience of the team should be noted as delivery has not noticeably dropped despite it being a potentially disruptive time for staff and both the LEP and City Council should be thanked for their hard work in ensuring this smooth transition.

### **3 Communications and Promotion**

3.1 In November 2023, BGWM ran three events totalling 483 registrations, and 426 of them were from unique businesses. The standout event was the Solihull and Birmingham BGWM roadshow – effectively a local launch of the BGWM service. It drew 300 registrations, with an impressive turnout of 200 unique businesses. Feedback from participants was positive, with 80% stating that the event met their expectations and was useful and informative, and 84% wanting to speak to business advisor following the event.

3.2 A BGWM awareness marketing campaign has recently been developed and is due to launch this month across varied media channels including billboards, taxi wrap, digital radio, and programmatic display advertising. The service will also be featured in Birmingham Business magazine.

### **4. Regional Programmes**

4.1 Economic Growth Board members will recall that the Business Growth West Midlands model relies on account management activity based in localities complemented by programmes commissioned at a regional scale.

4.2 Many of these programmes are still at an early stage, which means that while we are able to count businesses helped, the outcomes for many of those businesses are to be determined. Full details of these programmes are included in Appendix I.

4.3 From this Appendix, we would highlight that:

- The tender specifications for the Commonwealth Games Legacy Fund supported High Growth Accelerator and Supply Chain Transition programmes have now closed with assessment planned imminently. Sarah Windrum, as Deputy Chair of Innovation Board and member of Economic Growth Board, and Martin Ward, as Tech Commissioner, have agreed to help assess tender responses, and provide a clear private sector voice to inform the choice of suppliers.
- The Business Energy Advice Service (launched in mid-October and supported by the Department for Energy Security and Net Zero) has had 578 businesses register for an audit with 137 completed.
- Made Smarter WM has been informed that it will receive an additional 30% funding for 25/26 to take the total programme to £3M as it continues to be the standard bearer for the national programme.
- Innovation Accelerator projects are now beginning to see direct benefit to WM businesses with, by way of example, the first 20 business working with the Clean Futures project and the first 30 with the West Midlands Health-tech Innovation Accelerator. A fuller report from Innovation Board is on the agenda under item 8.

## **5. UK Shared Prosperity Fund Forecast Underspend**

- 5.1 Given confirmation from government on 9 November 2023 that 23/24 budgets can be carried forward in full into 24/25, it is proposed that all local authorities carry forward their individual budgets should they have any underspend at the end of financial year 23/24.
- 5.2 Regionally allocated funding for business support is currently forecast to be underspent in 23/24. The primary forecast underspend is due to the decision by local authorities not to utilise this funding for Strategic Relationship Management activity in 23/24. This results in a forecast underspend of £696,676 against this budget line. There are smaller forecast savings arising from an overly generous initial budget for CRM licenses and savings made against the original Core Hub budget, particularly with regard to a Department for Business and Trade 'Growth Hub' grant for £380,000.
- 5.3 Following guidance from November Economic Growth Board, it is proposed that £500,000 of this underspend be allocated to a youth unemployment pilot programme: Transition to Work Bursary Fund with an explicit focus on the impact business can make on increasing employment amongst young people in the region.
- 5.4 WMCA has recently piloted a pre-apprenticeship programme to provide an effective pathway for young people into good apprenticeships. This is particularly important given rising youth unemployment across the region, the steep decline in young apprentices across the region in recent years and the decline of SMEs offering apprenticeships in the region. The programme evaluation highlighted critical success factors as being its industry-aligned training, holistic wrap around support, and the availability of financial support for learners. This funding would look to deliver a significant expansion of level 2 pre-apprenticeship provision for young people across the region.
- 5.6 In reviewing regionally allocated budgets for financial year 24/25, there are likely to be similar underspends against the Core Hub, given the likelihood of receiving DBT Growth Hub funds, and Strategic Relationship Management for local authorities budget lines. This results in a forecast underspend for regional activity for 24/25 of £1,977,324.
- 5.7 Given the needs of the economy, it is proposed that this underspend is focused on an export support programme, linked to the West Midlands International Strategy and that complements the existing DBT offers and support of International Trade Advisors; an expansion of the supply chain transition programme currently supported by the Commonwealth Games Legacy Fund as in 4.3 above; and support for models of community-led business support programmes.

## **6. Future funding**

- 6.1 Alongside the rapid mobilisation of the Business Growth West Midlands programmes, attention is also on the medium-term as funding for most programmes ceases in March 2025. The context is set by the Deeper Devolution Deal, which includes a commitment to a Single Settlement between Government and the WMCA on funding over the next Spending Review period across five pillars, including Local Growth and Place.
- 6.2 Whilst the terms and timing of the next Spending Review are subject to national political events, the WMCA is taking the initiative to set the parameters of the Local Growth and Place pillar. The first meeting of the Strategic Productivity Partnership with senior Dept.

for Business and Trade officials saw the region set out the Business Growth West Midlands offer and the vision for boosting productivity, in line with positions previously agreed by the Economic Growth Board in May 2022 and September 2023. The aim is to use the next Strategic Productivity Partnership meeting in spring to agree a shared direction and bring DBT closer to the Single Settlement as currently the pillar is biased towards elements of regeneration via DLUHC, rather than business and enterprise via DBT.

- 6.3 The initial framework of the Local Growth and Place pillar strategy is being developed with Directors of Economic Development and colleagues in Greater Manchester Combined Authority as the other trailblazing area, ahead of wider engagement with business and universities through 2024. During that period, the region should also consider how funding from the Single Settlement will align with locally-generated revenue (e.g. retained business rates) given the region's historic dependence on short-term government funding compared to similar areas.

## **7. Financial Implications**

The paper is flagging forecast UKSPF underspend against both Local Authority programmes and the regional programmes for year 2 and year 3. In order to address this the paper also outlines plans currently in train to ensure full delivery of funding by March 2025.

All changes to UKSPF funding will go through the agreed WMCA governance routes.

## **8. Legal Implications**

- 8.1 There are no legal implications directly arising from the report.

## **9. Equalities Implications**

- 9.1 There are no direct equalities implications. However, Business Growth West Midlands closely monitors equality, diversity and inclusion as it relates to businesses supported through the service. This data currently reflects a good position, particularly in relation to the ethnic diversity of businesses supported. BGWM will look to put in place additional measures and support, as required, to meet the needs of the diversity of the business base in the West Midlands.

## **10. Inclusive Growth Implications**

- 10.1 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. Specific programmes, such as the Business Energy Advice Service aim to boost business productivity and, at the same time, reduce the consumption of energy and resources in West Midlands firms.

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

11.1 The report relates to the 7 Met area.

## Appendix I

Programme Name	Funding (£'000)	Funding Route	Programme Summary	Delivery Partner	Target Outputs	Status	Geography
<b>Decarbonisation Net Zero Programme</b>	£4,600	UKSPF	Provides information and expert advice and support to businesses enabling them to make significant decarbonisation and money saving changes to their business.	Consortium led by Aston University	321 registrations 85 audits completed Grant applications in progress or referred - 23	In Delivery	WMCA Area
<b>Investment Readiness Programme</b>	£2,200	UKSPF	Addresses demand-side weaknesses in Small to Medium Enterprises (SME) access to external finance in the West Midlands.	Oxford Innovation in six LA areas & C&W Growth Hub in Coventry	Stage 1 training dates in place 7 arranged for Jan and Feb 62 businesses registered 19 moved to stage 2 intensive support	In Delivery	WMCA Area
<b>FDI Internationalisation</b>	£3,200	UKSPF	Funding to the West Midlands Growth Company to support inward investment to the region.	The West Midlands Growth Company	16 enterprises engaged in new markets  578 jobs created as a result of support	In Delivery	WMCA Area
<b>High Growth Accelerator</b>	£1,700	CWGLF	Aim to help high growth businesses in the West Midlands manage their growth more sustainably and increase the pace of growth.	TBC	50 businesses to be supported on their high growth journey.	Tenders under review	WMCA Area
<b>Supply Chain Transition</b>	£1,000	CWGLF	Aims to help small and medium-sized enterprises (SMEs) in the West Midlands (WM) to diversify their customer base by winning new orders in growing areas of the economy. It will do this through a combination of workshops, intensive one-to-one coaching, peer to peer support and events that host buyers from organisations seeking to diversify their supplier base in the West Midlands.	TBC	Aims to help 160 firms in the West Midlands	Tenders under review	WMCA Area
<b>Social Economy</b>							



Programme Name	Funding (£'000)	Funding Route	Programme Summary	Delivery Partner	Target Outputs	Status	Geography
<b>Social Economy: Business Growth Support Programmes</b>	£1,743	CWGLF	A suite of 6 programmes that will support up to 160 Social Entrepreneurs improve their business skill and confidence in order to improve their sustainability, grow revenue, increase employment and volunteering and increase their social impact. Grants also available to support growth.	TBC	Support for up to 160 Social Entrepreneurs	Contractors appointed	WMCA Area
<b>Local Place Based Cluster Investments</b>	£400	CWGLF and other funders	8 locations. Each 'cluster' will be led by a local organisation who will bring the community and key stakeholders together to build the plan from the bottom up. <ul style="list-style-type: none"> <li>Coventry &amp; Warwickshire Community Development Association (CWEDA) leading in Foleshill, Hillfields and Wood End</li> <li>Colebridge Trust leading in Kingshurst</li> <li>Witton Lodge Community Association leading in Erdington</li> <li>iSE leading in Digbeth</li> <li>SWEDA leading in West Bromwich centre</li> <li>Urban Hax leading in Walsall (Palfrey ward)</li> <li>Provision House leading in Dudley High Street &amp; St Thomas Quarter</li> <li>Access to Business leading in Wolverhampton City Centre (south)</li> </ul>	TBC	Seed funding (£50k each) to develop an action and investment plan to build a sustainable ecosystem that supports a healthy social & circular economy.	1 more cluster is now being funded through matched funding	WMCA Area
<b>Heritage and Culture</b>							
<b>Culture and Heritage Business &amp; Skills Support Programme</b>	£110	CWGLF	The overall objective is to create a stronger and more resilient culture and heritage sector	WMCA	Bursaries, grants and training	Delivery expected to begin in Jan	WMCA Area
<b>Nationally funded programmes delivered across ITL1 West Midlands</b>							

Programme Name	Funding (£'000)	Funding Route	Programme Summary	Delivery Partner	Target Outputs	Status	Geography
<b>Business Energy Assessment Service (BEAS)</b>	£24,610	DESNZ/D LUHC	The objectives of this project are to support WMCA and regional efforts to overcome market failures inhibiting energy-exposed West Midlands manufacturers and businesses (in the ITL 1 region) from mitigating the impacts of energy cost rises and the transition to net zero. The approach has been developed with the help of the West Midlands Industrial Energy Taskforce.	Aston University (consortium lead); Worcestershire CC, Warwickshire CC; Staffordshire CC, MTC	(LINKED TO Decarbonization Net Zero) 578 registrations progressing to audit 137 completed audits	MoU in place between WMCA and DESNZ Onward Funding agreements being finalised. Programme highlighted at PMQs on 15.11	West Midlands ITL1
<b>Made Smarter – West Midlands (MSWM)</b>	£6,900	DBT	To support manufacturing SMEs in the West Midlands to use digital technologies to overcome challenges or access opportunities to: increasing productivity developing resilience increasing competitiveness	Lead: C&W Growth Hub	Current Outputs for 23/24 to date: 106 of 120 Digital Roadmaps delivered. 36 of 44 grants awarded totalling £609k. 22 Registered for Leadership and Management Uplift of £0.7m to £3m funding confirmed for 25/26	In Delivery	West Midlands ITL1
<b>Innovation Accelerator</b>							
<b>DIATOMIC</b>	£6,042,	IUK	DIATOMIC (Digital InnovAtion TransfOrMative Change), is a multidisciplinary cross-cutting programme that will build the innovation capability and capacity to drive growth and prosperity locally, and enhance the reputation of the West Midlands globally. This project is led by Connected Places Catapult, and partnered by local universities, Birmingham City Council and the Birmingham Chambers of Commerce and Industry.	Lead: Connected Places Catapult	<ul style="list-style-type: none"> <li>A digital twin to drive the use of data in place-based decision making underway</li> <li>Challenges set around three target areas for Birmingham City Council: Housing, Waste and Route to Net Zero</li> </ul>	In Delivery	Birmingham and Solihull

Programme Name	Funding (£'000)	Funding Route	Programme Summary	Delivery Partner	Target Outputs	Status	Geography
					<ul style="list-style-type: none"> <li>UK SME Accelerator: 35 SME applications received 10 of which have been made offers to progress</li> </ul>		
<b>WMIP2.0</b>	£2,888	IUK	The Project addresses 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.	Lead: WMCA	650 businesses engaged through events, 4 projects underway (£486,000 of project grants) with 4 under review (£405,000).	In delivery	WMCA Area
<b>Clean Futures</b>	£8,034	IUK	<p>The aim of Clean Futures (CF) is to develop the West Midland's innovation ecosystem and drive economic growth, engage with industry and address the:</p> <ul style="list-style-type: none"> <li>Route to market challenges faced by SMEs in the transport sector</li> <li>Support the transition of manufacturing capability and associated supply chains from fossil-fuelled transport products to clean-tech transport</li> <li>Support the selected SMEs to transition, develop and demonstrate clean tech transport solutions to Tier 1 and OEMs.</li> </ul>	Lead: Connected Places Catapult	5 Challenge statements defined & approved for the Clean Futures programme 49 very high-quality applications received 20 businesses onboarded Clean Futures webinar – 85 registered; 60 attended BCIMO workshops – 35 attended	In delivery	WMCA Area
<b>WMHTIA (6D)</b>	£14,513	IUK	<p>The '6D' Innovation Accelerator (6D-IA) will unite key players across the region (universities, hospitals, industry and government-funded 'Catapults' for manufacturing innovation) creating coordinated series of activities that will help companies to navigate "pinch-points" in the process of medical translation.</p> <p>The 6D-IA will also provide a national focus for the development and deployment of new healthcare technologies, growing a vibrant and self-sustaining cluster of activity.</p>	Lead: University of Birmingham	Multiple events run so far, 137 companies engaged through events programme. Over 80 businesses ready for engagement, 30 businesses assisted so far.	In delivery – formally announced on 18 October	WMCA Area

Programme Name	Funding (£'000)	Funding Route	Programme Summary	Delivery Partner	Target Outputs	Status	Geography
<b>Biochar</b>	£1,822	IUK	This project will strengthen the supply chains and also expand participation in the cluster of companies investigating market opportunities for applications of Biochar technology.	Lead: Aston University	Multiple new applications and opportunities identified including 3D printing and odour suppression. 15 business enrolled on project	In delivery	WMCA Area