



West Midlands  
Combined Authority

## Economic Growth Board

<b>Date</b>	6 March 2024
<b>Report title</b>	West Midlands International Strategy
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<b>Report has been considered by</b>	Draft versions of the Strategy have been considered the WMIS Working and Steering Groups which involve the WMCA, Local Authorities, Department for Business & Trade and other partners; and also the West Midlands Growth Company Board on 20th February

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

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

- (1) Note the outcome of the consultation on the West Midlands International Strategy Green Paper;
- (2) Discuss and comment upon the draft West Midlands International Strategy attached at Appendix A;
- (3) Note the work being undertaken to identify targets for the Strategy; and
- (4) Note that the final strategy and delivery plan will be considered by the Economic Growth Board at its next meeting in June 2024.

## **1 Purpose of Report**

- 1.1 To update the Economic Growth Board (EGB) on the consultation process that was undertaken on the West Midlands International Strategy Green Paper and to seek comments on the draft International Strategy.

## **2 Background**

- 2.1 The West Midlands Growth Company (WMGC) was commissioned to lead the development of the West Midlands International Strategy (WMIS) on behalf of the region by the EGB. EGB agreed that the purpose of the WMIS would be to shape the region's collective international effort and resources to elevate the region's presence and impact on the global stage. It also agreed that its focus should be to internationalise the Plan for Growth, which has been a significant input in the process to date.
- 2.2 The Deeper Devolution Deal includes a commitment from the Department for Business & Trade (DBT) to co-develop the WMIS with the region, and to share accountability for its delivery.

### **Progress to date**

- 2.3 WMGC established a governance structure to inform and steer the development of the West Midlands International Strategy. This includes representatives from the WMCA, Local Authorities, the Department for Business & Trade (DBT) and anchor institutions including Birmingham Airport and the Chambers of Commerce.
- 2.4 Initial research, international benchmarking and consultation with a wider group of key partners including universities and business leaders was undertaken through the summer of 2023 supported by OCO and MetroDynamics. This was followed by Deep Dives with Cluster Leads and stakeholders across the region.
- 2.5 In the Autumn 2023, WMGC produced an International Strategy Green Paper which drew on the evidence base developed through the above work. The Green Paper proposed a framework of strategic outcomes, objectives, priorities, propositions, enablers and markets that together set out what the collective international opportunities could be.
- 2.6 Following approval by EGB on the 16<sup>th</sup> November, a consultation was undertaken on the Green Paper from December 2023 – February 2024 to gather feedback from a selection of regional stakeholder groups on the proposed framework. This consultation was targeted at stakeholders who are critical to the international agenda and who had not been as fully engaged in the process to date as desired. This included sporting, cultural, visitor and tourist organisations, local businesses including priority industrial clusters, SME exporters and professional services, cluster organisations and non-constituent local authorities of the WMCA; and partners where even deeper engagement was sought e.g. universities. This part of the consultation was undertaken

through individual conversations and roundtable discussions with just under 40 organisations was led by MetroDynamics.

- 2.7 An online consultation survey was also shared with a wider audience through WMGC and partners social media and networks. In total, 103 responses were received to the survey, with 240 unique visits to it. Around 50% of responses came from businesses (of which just under half did some form of exporting) and there was a good geographical and sectoral split.
- 2.8 In addition, detailed feedback was directly received from the WMCA, Local Authorities, DBT and Universities.
- 2.9 A headline summary of the findings is attached at Appendix B.

### **The Draft Strategy**

- 2.10 The draft Strategy – which is attached as Appendix A – has been developed from the Green Paper and the consultation programme and has taken account of feedback received through the WMIS governance structure and also from the WMGC Board on 20<sup>th</sup> February 2024. It sets out how the West Midlands can utilise its many strengths and leverage its competitive advantages to increase the overall volumes of trade, investment, innovation and visitors to the region. Achieving this will require the public, private and academic sectors to come together with Government to align our collective efforts and thereby maximise value and return on investment.
- 2.11 Key elements of the draft Strategy are set out below and EGB's views are sought on these and the wider strategy:
- The following **international ambition** is proposed: *By 2030, the West Midlands will have grown its profile and reputation by leveraging its key assets and opportunities on the global stage to be seen as the leading destination in the UK and world-wide with which to trade, invest in and to visit.*
  - There are **three strategic priorities** for the region's international activity, each with a series of strategic objectives:
    - Unlock the region's enablers - Harness the power of our assets and institutions to enhance the profile and reputation of the region as a place to trade with, invest in and visit.
    - Boost trade and investment - Accelerate the development of the region's economy by boosting exports and attracting more FDI.
    - Enable the national growth agenda - Play a prominent role in the UK's international agenda.
  - A set of **outcome measures** have been identified to performance across the four pillars of the strategy: investment, trade, innovation and visitor economy.
  - Work has begun to develop **targets** for these measures. Appendix C sets out initial thinking for targets based on desktop research. These targets need further testing with key partners to ensure that they align with any existing measures, are ambitious but also achievable and are supported

through activity identified through the delivery planning process. Given this, the targets are not included in the draft strategy itself at this stage, rather set out in this report to show the work that is being undertaken.

- The need to **leverage our competitive advantage** and capitalise on our **soft power** is clearly highlighted. This includes developing a strategic approach to narrative which partners and Government alike can utilise in various forms of marketing and engagement. This positions specific opportunities in specific places in the most relevant and powerful wider regional or national context for that audience and that purpose.

A delivery model - the '**Global West Midlands Partnership**' - has been proposed which will bring together and align the efforts of the various stakeholders involved in international activity. The purpose of such a delivery model would be to:

- **Deliver together** – bringing partners and agencies together to maximise the value of international opportunities, such as trade missions, across the region.
- **Co-ordinate** – ensuring that there is a mechanism by which planned activity can be shared to avoid duplication and identify opportunities to deliver together.
- **Enable International** – providing the insights, data and information which can be shared across the region so that all stakeholders undertaking international activity can actively promote the region and its opportunities.

The partnership would deliver this through a rolling programme based on stages around planning (identifying markets, opportunities, and activities), delivery of activities and evaluation.

- **Market prioritisation** has been framed as an initial set of 'prime markets' which reflect current pillars activity, and 'developing markets' which reflect the future identification of markets as part of wider delivery model. A process for agreeing markets which is agile and responsive to changing policy and emerging opportunities has been set out.
- The draft Strategy clearly sets out the **drivers for change and key priorities** against the four pillars. These will be developed further through the Delivery Plan (see 2.14 below).

## **Next Steps**

- 2.12 Following EGB, the draft Strategy will be developed to take account of the feedback received. A Delivery Plan will also be produced in-conjunction with key partners including the WMCA, Local Authorities, the Department of Business & Trade and other key anchor institutions. This will set out in detail what activity will be carried out in 2024-25 to meet the objectives and priorities set out in the Strategy and in headline terms beyond that as funding for many areas of activity is not confirmed post next financial year. To be effective and demonstrate the impact of this enhanced way of working on the international agenda, the Plan needs to show how partner's activity and that of Government is aligned with and supportive of the shared priorities.

### **3. Strategic Aims and Objectives**

#### **3.1 The report aligns with the following strands of the WMCA's Strategic Aims and Objectives**

- Promote inclusive economic growth in every corner of the region.
- Ensure everyone has the opportunity to benefit.
- Develop our organisation and our role as a good regional partner.

### **4 Financial Implications**

4.1 There are no direct implications arising from this report, but the adoption of the WMIS and subsequent Delivery Plan may have financial implications beyond WMGC's current business plan (1<sup>st</sup> April 2025 onwards) and other partners confirmed resources.

4.2 In addition, development of the Delivery Plan will require engagement with partners so that identified priorities can be resourced, with additional funding requests following WMCA governance and demonstrating value for money.

### **5 Legal Implications**

5.1 There are no direct legal implications.

### **6. Single Assurance Framework Implications**

6.1 There are no immediate Single Assurance Framework implications arising from this report.

### **7 Equalities Implications**

7.1 As a result of this strategy, there are no direct equalities implications with respect to groups or individuals with one or more protected characteristics as defined by the Equality Act 2010.

### **8 Inclusive Growth Implications**

8.1 The delivery of the West Midlands International Strategy will have direct implications on Inclusive Growth for the West Midlands. West Midlands Growth Company has worked closely with the West Midlands Combined Authority to ensure that its targets align to the West Midlands Inclusive Growth fundamentals. As the proposed metrics are worked up, the WMIS Working Group will work alongside the Inclusive Growth team to ensure that proposed metrics contribute to the high level strategy for the West Midlands as set out in the Inclusive Growth fundamentals.

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

- 9.1 The work undertaken on the strategy's development has focused on the core economic area comprising Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton.
- 9.2 Wider engagement to include non-constituent members has been undertaken through the consultation process.
- 9.3 Whilst this strategy focuses on the WMCA area, the nature of economic development and trade means that this will likely have impacts on the wider West Midlands and Midlands areas.

## **10 Schedule of Background reports**

- 10.1 Appendix A - International Strategy
- 10.2 Appendix B - Headline Finding from the Consultation Process
- 10.3 Appendix C - Metric Baselines

## Appendix B

### Headline Finding from the Consultation Process

- The level of detail for a strategy feels right but it's not clear what will drive activity and **more specific propositions will need detailing in delivery planning**.
- **Trade and investment** should be the primary focus, with innovation and visitor economy as enablers and wider opportunities flowing from them.
- The direction of travel and propositions in the strategy could be **more ambitious and exciting**.
- The strategy needs a **compelling vision** to bring partners together around the opportunity for the region.
- It's not clear **what will be different** because of this strategy, with many proposals to continue existing activity and delivery approaches.
- We should focus our collective efforts **on proactively pursuing a small number of strategic opportunities**, with a mix of strong and emerging markets and sectors.
- In general, respondents identified the same prime and developing markets identified in the Green Paper
- This should be done through **leveraging individual partner relationships, contacts and global assets in a different way**.
- **Collaborative systems leadership** is required from the Growth Company to coordinate and empower partners to pursue opportunities.
- We should focus first on bringing **existing sector strengths** to known successful markets for trade and investment, then moving to **emerging sectors and new markets**
- Each proactive opportunity needs a 2–3-year **delivery model and plan** designed with relevant partners, with each considering what they can contribute and how they would like to benefit. Consideration should be given to building long term strategic relationships with places, rather than transactional interventions.
- In terms of enablers, **ongoing proactive profile-raising** for the region, using partners, and in market representation to sustain effort into the long term.

## Appendix C – Metric Baselines

The development of metric baselines for the strategy was undertaken through a desk based review of key numbers and indicators. In general, the development of regional numbers around areas of trade and investment is underdeveloped and there is considerable reliance upon nationally collated numbers which can have a multiple year lag.

Data sources used through the development of the strategy included:

- [Subnational trade timeseries - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)
- [Exporters and importers by regional breakdown \(Annual Business Survey\) - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)
- HESA statistics on HE domestic and international students
- ONS International trade in UK nations, regions and cities: 2021
- WMGC inhouse survey and data
- VisitBritain
- OCO & MD baseline analysis commissioned by WMGC for WMIS
- Midlands Engine Intelligence Hub

### Proposed Metrics to be further tested with partners and through the delivery planning process

- **Increase the percentage of SMEs within the West Midlands who are exporting – baseline 6.6% Target 8% by 2026 9% by 2030**

A 2020 [British Business Bank report into SME Exporting](#) suggested that around 9% of UK SME's are exporting. There is a range around this with other studies suggesting figures between 10-19% but this largely reflects methodological differences.

The report also identified around 6.6% of West Midlands SMEs are, or are planning to export.

The target therefore outlines an approach to increase WM exporting to the UK average.

- **Increase West Midlands Service exports from 34% to 40% by 2030**

ONS Insight into regional exports for 2021 produced the following table:

#### Regional exports 2021, current prices, £ million

Source: ONS International trade in UK nations, regions and cities: 2021

Region name	Goods exports 2021 (£m)	Services exports 2021 (£m)	Total exports 2021 (£m)
United Kingdom	323,285	330,729	654,014
London	37,801	152,247	190,048
South East	42,456	45,164	87,620
North West	32,464	24,480	56,944
Scotland	26,908	23,201	50,109
East of England	28,631	22,426	51,057
West Midlands	26,598	13,921	40,519
South West	21,885	13,015	34,900
Yorkshire and The Humber	17,053	12,214	29,267



East Midlands	22,329	7,918	30,247
Wales	16,951	6,822	23,773
North East	13,369	5,261	18,630
Northern Ireland	9,185	4,060	13,245
Unallocated	18,361	0	18,361
Extra-regio	9,294	0	9,294

Using a standard percentage calculation (services as a percentage of total exports for the region) the West Midlands has a 34% services export rate. Using average calculation for the UK the average of the regions comes to around 41%.

- **Secure 1,000 FDI landings by 2030 – 166 per year**

This figure was developed by taking recent FDI trends to project forward a figure into 2030. Using data from [Inward investment results - GOV.UK \(www.gov.uk\)](https://www.gov.uk/inward-investment-results) a calculation was made of the trends in FDI into the West Midlands.

Between 2017 and 2023, the West Midlands secured 952 FDI investments, an average of 159 per year. The 166 per year figure represents a stretch target on that average performance to account for increased opportunities within the region and the impact of the delivery model.

However, the metric makes no account of the following variables – investor demand, availability of land and suitable sites, general economic conditions and the needs of specific projects such as Investment Zones or the wider region.

- **Expand Capital Attraction to reflect Place-based strategies to secure £20bn of investment**

This is based on the current availability of £25bn of projects within the Capital Attraction space in the West Midlands. This figure has assumed a similar need would be required to support areas linked to Place-Based Strategies.

- **Increasing WM R&D Expenditure from 8.4% of UK to 10%**

- **Increasing R&D Expenditure from £2.3bn (2020) to £3.5bn by 2030**

Both metrics using data from the [Midlands Engine Intelligence Hub](https://www.midlandsengineintelligencehub.com) on innovation to reflect current data baselines. The WM is around 8.4% of R&D Expenditure which is both public and private. The most recent figure for this is £2.3bn in 2020 and the proposed metrics include both an increase in the total amount of expenditure to £3.5bn as well as an increase in the WM shares. This accounts for both an increase in both public and private R&D and also the increase in prices.

- **Increase UK Public Funded R&D from £747m (2021) to £1.2bn by 2030**

This is taken from [UK public-funded gross regional capital and non-capital expenditure on research and development - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/publications/articles/uk-public-funded-gross-regional-capital-and-non-capital-expenditure-on-research-and-development) which includes an estimate of West Midlands' gross capital and non capital Public R&D expenditure. The £1.2bn figures represents an average that would move the West Midlands up to the top half of regions based on this one measure.