



**West Midlands
Combined Authority**

Name of meeting: Investment Board

Meeting date: 10 March 2025

Report title: Global West Midlands – Change Request for 2025/26

Responsible Director: Ed Cox, Executive Director for Strategy, Economy & Net Zero
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Key Decision? Yes

Is the ability for the Combined Authority to make a decision internally reliant on Constituent or Non-Constituent Councils making a formal decision first?

Yes No

(If Yes – please contact the Member Relationship Manager to manage this process)

Recommendations

- (1) Approve the business case relating to the extension of the Global West Midlands Programme for 12 months, from 1st April 2025 to 31st March 2026.
 - (2) Note that on 15 November 2024, WMCA Board approved the allocation of £7.25m for the transitional 2025/26 financial year, subject to the necessary Integrated Settlement confirmations which have now been received
 - (3) Note that subject to approval of the full revenue budget by WMCA Board on 14 March 2025, the WMCA resources identified in this paper will become available to the West Midlands Growth Company.
 - (4) Approve to enter into agreement (via the variation of the current agreement) to reflect the addition in time and funding.
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Voting Requirements

A majority of voting members, in attendance in the meeting room and indicating their preference, are required to vote in favour of any recommendations for it to become a decision of the board.

1. Executive Summary

- 1.1 This report explains the specifics to extend the current Global West Midlands programme into 2025/26. This is consistent with the decision of the WMCA Board of 15 November (Economic Development capacity of the West Midlands), which included funding commitments to the West Midlands Growth Company (WMGC) for 2025/26.
- 1.2 The extension to the Global West Midlands Programme will continue to support the delivery of the same strategic objectives through the current core functions but the scope of delivery will be limited and activity will become more reactive with a focus on converting the existing pipeline.

2. Matters for Consideration

- 2.1 The West Midlands Combined Authority Board on 15th November 2024 agreed to support a total budget for West Midlands Growth Company for 2025/26 of £7.25m. This was as part of a wider review of economic development functions, agreeing to establish an economic development vehicle from April 2026 which would operate following changes to work undertaken by the West Midlands Growth Company, WMCA, local authorities and other partners.
- 2.2 During the transition year of 2025/26, the West Midlands Growth Company should focus on vital inward investment, capital attraction, visitor economy and strategic relationship management functions, and retain leadership and back-office capacity, thereby supporting the move to an economic development vehicle (EDV) which will include these functions.

3. What options have been considered and what is the evidence telling us about them?

- 3.1 The West Midlands Combined Authority Board considered three options:
 - Option 1: Do nothing - closedown West Midlands Growth Company and mobilise new vehicle from scratch;
 - Option 2: Transition to a new economic development vehicle via reformed, minimal West Midlands Growth Company;
 - Option 3: Transition to a new economic development vehicle via reformed, minimal West Midlands Growth Company with some additions.

4. Reasons for recommending preferred option

- 4.1 Option 2 was the recommended option, as this will allow inward investment, capital attraction, visitor economy and strategic relationship management to continue during the transition phase, so that investment and jobs are still secured for region and these core functions for the future model are retained. These are the principal functions upon which the Growth Company has engaged with partners on priorities about the balance of activity, which is reflected in a high-level in the Change Request. The detailed Growth Company business plan will be agreed by the WMCA Board and WMGC Board, following input from all local authorities.
- 4.2 Option 2 recommends a smaller Growth Company operation consolidated around these three functions, with reduced leadership and back-office capacity. There will be greater visibility to the Mayor and Leaders and to minimise the funding requirement for transition year. Governance of the transitional Growth Company will also be reformed, to be directly accountable to the West Midlands Combined Authority Board and a

more streamlined private-sector board accountable for the West Midlands Growth Company operation.

- 4.3 In addition to these practical benefits, option 2 is reputationally and politically viable, demonstrating the region’s commitment to driving economic growth and rapidly mobilising a transformation programme to design and implement a robust new model for supporting growth, which is agreed by all partners and is financially sustainable.
- 4.4 It should be noted that option 1, closing down the Growth Company will incur costs to pay associated liabilities and redundancies, estimated at £3.5m. Funding sources for Option 2 have been identified and assessed, with a precommitment of £3.3m of funding requested from the West Midlands Combined Authority Board. This option also involves redundancies.
- 4.5 All three options have been developed directly with the senior leadership of the Growth Company to ensure that the reduced organisational profile is viable. The Chair of the Growth Company Board has also been sighted throughout this phase of work and individual members of the Board consulted and are supportive of the direction of travel and transition recommendation.
- 4.6 The change request sets out the outputs and outcomes that will be delivered in 2025-26. These are in addition to those already delivered during the first two years of the Global West Midlands Programme and are at a level that takes account the programme’s duration and reduction in funding. Headline metrics are as follows:
- Support the creation of good jobs for local people by landing an additional 29 inward investment projects, creating an additional 2,400 jobs by 31st March 2026
 - Facilitate the regeneration of the built environment by landing an additional 1 capital investment project by 31st March 2026
 - Support the create and sustainability of vibrant places by securing an additional 2 sporting events and 4 business conferences by 31st March 2026
- 4.7 Specific outputs for the Investment Zone are being developed as sub-sets of the programme-wide metrics. These include:
- Establish WMIZ positioning. 30 media articles placed and 5,000 unique visitors to the website
 - Provision of two dedicated WMIZ ‘business events’
 - Generation of investor enquiries where an IZ site is under consideration. 65 forecasted by end of FY25
 - Proactive engagement and coordination of investor/occupier leads. 25 forecasted by end of FY25

5. Implications and Considerations

Priority:	Contribution:
Delivery of Strategic Transport Plan	Not applicable

Priority:	Contribution:
Promote inclusive economic growth in every corner of the region	<p>The reforms establish a stronger, more efficient means to develop and deliver the region's economic priorities. This includes clarity of delivery at regional and local level.</p> <p>Streamlined, stronger accountability to the West Midlands Combined Authority Board ensures activities relate to inclusive economic growth priorities across the West Midlands.</p>
Ensure everyone has the opportunity to benefit	The model addresses the, delivering on the West Midlands Combined Authority's priorities of Growth for Everyone, Jobs for Everyone and Homes for Everyone.
Connect our communities by delivering transport and unlocking housing and regeneration schemes	The functions including better structuring collective activity to promote private sector investment in priority sites across the region, reflecting emerging strategy, including Place-Based Strategies.
Reduce carbon emissions to net zero and enhance the environment	The proposal makes work with businesses more efficient, including via cluster/supply chain and direct business support, which can help firms invest with confidence to decarbonise operations.
Secure new powers and resources from central government	More streamlined and effective economic development functions are more likely to give confidence to government to extend devolution.
Develop our organisation and our role as a good regional partner	The proposal is a fundamental part of the West Midlands Combined Authority being a good regional partner by clarifying roles and activities reflecting the consensus of partners.

6. Consultation and Scrutiny:

- 6.1 The proposed approach is consistent with the review of economic development functions which has been led by Local Authority, WMCA and WM Growth Company chief executives and directors, working closely with Mayor and Met Leaders. The direction was agreed by the West Midlands Combined Authority Board on the 15th November 2024, including funding the West Midlands Growth Company in 2025/26 which will be a transitional year as the new model of economic functions is established.

7. Financial implications:

- 7.1 The paper is seeking approval for the business case relating to West Midlands Growth Company (WMGC) to extend their existing agreement with WMCA for 12 months to 31st March 2026.
- 7.2 The WMCA board agreed on 15th November 2024 to support the recommended option (Option 2) and to allocate £7.25m of financial resources as detailed below.

Funded By:	£m
Universities	0.175
WMGC SLA Reprofiled Underspend	1.250
BATP historic sponsorship commission	2.000
Commercial Income	0.500
WMCA Core Funding Allocation	0.700
Investment Zone Allocation	0.500
Integrated Settlement Allocation	2.130
Grant Total	7.255

- 7.3 At the time of the WMCA Board report in November 2024, £3.33m of the £7.25m was subject to WMCA receiving the necessary confirmations from Government relating to the quantum of the Integrated Settlement. These confirmations have now been received in line with expectations.
- 7.4 Final sign-off of the WMCA budget is expected on 14 March 2025 at which point the WMCA resources listed above will become available to the Growth Company in line with the funding agreement.
- 7.5 Based on the Board approval it is anticipated that the current agreement between WMCA and WMGC, which is due to end on 31st March 2025 will be extended by a year to 31st March 2026, and will include an agreed budget, payment schedule, outputs, operational plan and monitoring and evaluation based on the position shown in the above table.
- 7.6 Note the reduction in outputs from the current agreement as per the change request, however this is proportional to the reduction in annual funding to maintain VFM and has been reviewed and agreed by WMCA's programme SRO.
- 7.7 It should be noted that, as per the Change Request, for proposals relating to 2026/27 onwards, it was noted that there was no ongoing funding for a regional economic delivery vehicle and so future resources would need to be identified and approved by the WMCA Board, and/or any financial exposure accepted by local authorities could only be accepted following agreement through their local authority governance processes.

8. Legal implications:

- 8.1 The proposed amendment to the Agreement between WMCA and West Midlands Growth Company dated 12th March 2024 ("the Agreement") is compliant with regulation 12 of the Public Contract Regulations 2015 and regulation 17 of the Concession Contracts Regulations 2016 and is lawful.
- 8.2 The amendment will be undertaken in accordance with Schedule 5 "Change Control"

of the Agreement by way of a Change Control Note signed by both Parties as detailed at para. 4 of Schedule 5.

9. Implications:

Programme Assurance and Appraisal Implications:

- 9.1 S73 and SRO should consider the risk recommendations raised in the appraisal assessment and consider which of these should be condition of approval (amend as required).
- 9.2 The appraisal recommendation is to approve the Change Request, but it should be noted that it could be challenging for WMGC to meet the outputs aligned to their 2025-2026 budget given the reductions in staffing and overall budget for next year.
- 9.3 The decision (to approve / reject / defer) will be determined by Investment Panel and Investment Board.
- 9.4 Please note the following caveat to support the decision outcome:

Condition: Work with WMCA WMIZ team to agree the detailed Annual Delivery Plan as a condition of the WMIZ £500k funding. This should be based on the outline proposition already shared between the parties. It should also reference the requirement within this CR for proportionate outputs to be demonstrated to having been delivered on IZ sites.

Procurement Implications:

Due to the Teckal arrangements, specified at Regulation 12 of the Public Contracts Regulations (PCR, 2015), WMCA is able to grant award contracts to WMGC, one of its subsidiaries, without them falling within the scope of the PCR. Although there does not appear to be an extension provision included within the agreement, if legal are content that this agreement can be extended, then there is no further procurement considerations.

Equality Implications:

- 9.5 To articulate the likely equality implications for Option 2 (as recommended in this paper), a health and equity impact assessment (HEIA) is required to predict and evidence the likely positive implications for protected groups as defined by the Equality Act and socio-economic outcomes as a result of the inward investment, capital attraction, and visitor economy measures set out in Option 2. During the transition year 2025/26 a full HEIA will take place, in relation to the proposals for Option 2 that will arise.

Inclusive Growth Implications:

- 9.6 The review of Economic Development Functions in the West Midlands proposes a reformed, smaller Economic Development Vehicle building on the West Midlands Growth Company with transformed governance, strategy, and delivery. This essentially, puts WMGC in closer alignment with the WMCA vision and purpose, and enables better coordination between the Mayor of the West Midlands, the WMCA Board, and the reformed Growth Company in addressing the serious, long term structural challenges exist that exists in the West Midlands. This creates the potential for greater alignment between the aims of the West Midlands Growth Company in not only attracting growth – through inward investment, capital attraction, visitor economy and strategic relationship management, but a more considered approach to identifying

how and by whom is that growth is created, and whether it is being shared between people and place – in line with the Mayor’s four priorities for everyone.

10. Risk implications, including Risk Appetite:

- 10.1 The Head of the West Midlands Investment Zone confirmed that the item does not need to go to the IZ Board for formal decision as £500k of IZ funding has already been allocated by the WMCA Board. IZ Board will be made aware of the allocation at its next meeting in March 2025, to note.

11. Local Authority Impact:

- 11.1 The initial phase of the economic development review seeks to have a positive impact on local authorities by retaining specialist expertise and capability that would otherwise be at risk. Further phases of the review covering other functions, some of which are currently partially discharged by local authorities could have direct implications on local authorities. The design of these functions will continue to be steered by Local Authority chief executives, Leaders and the Mayor.

- 11.2 The WMGC has undertaken a comprehensive round of engagement with local authorities and the WMCA on priorities for 2025/26. This includes expectations about the depth and breadth of activity to be delivered in 2025/26, noting the approximate 40% reduction in funding. These impacts have been discussed with local authorities. The extended Global West Midlands programme does not include and direct resources for local authorities.

12. List of appendices referred to:

- 12.1 Appendix 1 – Change Request Form.

13. Background papers used to compile this report:

- 13.1 Not applicable.

14. List of Other Relevant Documents

- 14.1 15th November 2024 - WMCA Board report – Economic Development Functions Review