



WMCA Board

Date	23 July 2021
Report title	West Midlands Business Support Review
Portfolio Lead	Economy & Innovation - Councillor Ian Brookfield
Accountable Chief Executives	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Julia Goldsworthy, Director of Strategy email: julia.goldsworthy@wmca.org.uk LEP Chief Executives
Report has been considered by	SED Board Black Country LEP Coventry & Warwickshire LEP Greater Birmingham & Solihull LEP

Recommendation(s) for action or decision:

- (1) Endorse the recommendations of the review into the West Midlands business support ecosystem, which are that the West Midlands should make 4 major changes:
 - Put in place a modern, customer journey, built around the user not the provider.
 - Implement a new approach to account management, covering the largest firms, investors *and* SMEs, with the LEP Growth Hubs, LA teams and Growth Company operating as a fully integrated support ecosystem.
 - Replace the current large number of schemes which are coming to an end with new premium products aimed at specific sectors, supply chains and issues – delivered region-wide at scale.
 - Carry out a campaign to drive up demand and usage
- (2) Agree the recommendations and commit to a shared implementation and funding plan, overseen by the SED Board with delivery off each element carried out by a lead organisation on behalf of the region. This will enable and support local priorities and build upon existing local strengths.

- (3) Ensure that the Governance Review covers the need for the SED Board to hold individual programmes and agencies to account on behalf of the West Midlands as a whole. This is key to delivery.
- (4) Agree that the three LEPs and CA commission the next stage of work to implement the recommendations so that early work on delivery planning can get under way, to coordinate with the Growth Company's review of account management.

1.0 Purpose

- 1.1 This paper summarises the recommendations and findings of recent work commissioned by the SED Board and led by the 3 WM LEPs and the CA, working with the Recovery Forum, to design a fit for purpose business support system for the West Midlands to support an inclusive economic recovery post pandemic and post EU funding. The final report is attached at Annex 1 and has been considered in detail by the SED Board on 9 July.

2.0 Background

- 2.1 The review was designed to develop robust proposals for a fit-for-purpose business support system for a post-pandemic, zero-carbon, technically enabled world. It was structured to build on what works but be ambitious and honest - focussing on what modern businesses expect. The aim was to act on the latest evidence - nationally, locally, and globally, whilst engaging with business users, councils, Chambers of Commerce, universities, and providers. The commission was to design an approach that was supported by both the evidence and the economic geography of the West Midlands and our diverse business community.
- 2.2 The review was commissioned in recognition of the significant changes underway in many of the drivers that influence the current system:
 - West Midlands, UK and global economies
 - Business needs and expectations
 - Technology and markets
 - Public funding
 - Policy context
- 2.3 The review team have worked over a concentrated 4-month period, including a range of one on one and workshop sessions with all LAs, Chambers, a range of businesses and private providers, LEPS / Growth Hubs, Universities, BEIS, the CA and comparator and competitor places and systems.

3.0 The case for change

a) Supporting Recovery and a more inclusive economy:

- 3.1 The West Midlands saw strong overall economic growth, inward investment and business start-ups in the years running up to the Covid 19 pandemic. But underlying indicators of overall business competitiveness were less strong. The West Midlands has had lower levels productivity and business survival, declining numbers of high growth firms and lower levels of innovation. Covid 19 has hit the region hard, with above average increases in unemployment, the loss of around 100,000 jobs and higher than average insolvency rates.

3.2 There is strong evidence (e.g. BEIS Productivity Review 2018), that firms which access effective business support do better in terms of turnover and growth and that firms that export and grow into new markets similarly do better. If the West Midlands is to replace lost jobs and increase wages and opportunities then we need our business to succeed. Investing in Business Support should be part of our strategic intervention in jobs and skills and a core part of delivering the Recharge West Midlands and WM2041 goals.

b) Responding to changing business needs and feedback:

3.3 Feedback from businesses, public and private providers and business representative groups is universally clear that the current system has major flaws. There are two related reasons of these issues. Firstly, the requirements and cycles of different DIT/ BEIS and EU funding programmes. Secondly, the tendency of a range of partners to add new projects and schemes without enough strategic coordination. It is striking that both providers and users have very similar and clear concerns:

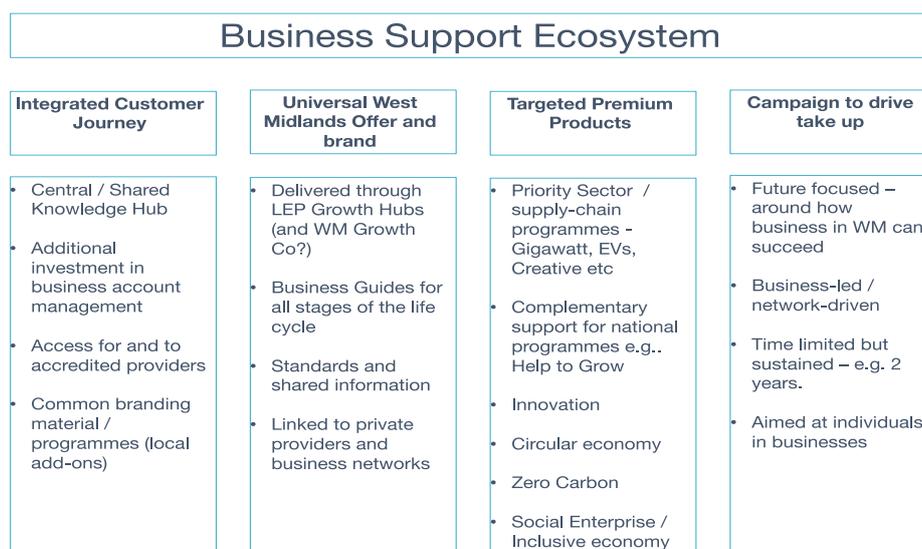
- **Quite traditional and difficult to see the shared offer:** Most programmes claim to be a response to fragmented, antecedent arrangements but limited evidence of progress towards cohesion.
- **Limited information sharing:** Lots of intelligence is but collected not used. Much information on business base locally, particularly through Covid support, but hard to share or 'hand off' from one organisation to another.
- **A fragmented offer, not genuinely customer-centric:** Limited evidence of a 'business approach' to the customer journey, e.g. people focussed sales cycle or funnel, and instead reflects a public-sector philosophy with signposting, eligibility checks and managing demand on limited resources.
- **Focusing on people and networks is increasingly seen as a better approach than treating businesses just as entities:** increasingly important and how people get advice.
- **Specific programmes well regarded and well-respected people:** no shortage of commitment and energy, with some protectionism.

3.4 Businesses are run and staffed by people, and whilst the evidence is clear that it is human behaviour that drives the business journey, it is striking how little of the business support system is designed to proactively build relationships with, or meet the needs of, those individuals. A common business criticism (not just in the West Midlands) is that "advice" particularly from the public sector is rarely as important for businesses as either money or a specific skill or technological development. In comparator places, including Greater Manchester, Scottish Enterprise, and Denmark, for example, significant recent investment has occurred to both strengthen people focussed account management and to create new support products, that are less output focussed and better able to flexibly respond to the needs of people in client businesses.

c) A modular approach

3.5 Funding for existing programmes ends at various points over the next 18 months. It is also not yet clear exactly when and in what form Government investment to replace EU funding will be available. We have therefore recommended a modular and phased approach, so the region can be clear on the direction of travel, make progress immediately in some key areas and work up the case for future Government investment. The review is clear that these should not be additions to the current system, but a new approach, with many current programmes not being replaced or continued.

3.6 The review recommends four areas of change and investment. These are summarised below:



d) Doing nothing is not cost free

3.7 There are many reasons for the West Midland’s underperformance in some major business indicators, exacerbated by Covid 19. Whilst it is not possible to quantify the precise impact of the current system the evidence of engagement with a wide range of partners and users is clear both that the system is not delivering what the economy and businesses need and also that other places are investing in significantly stronger account management and relationship management. There is therefore real-world cost in terms of loss of investment opportunities and less GVA and jobs growth by failing to address these weaknesses.

e) Implementation and Governance

3.8 The review recommends that CA Board agree the overall approach, including the implications for the current system and a phased approach to funding and delivery. It recommends that the CA Board should then charge the SED Board to oversee implementation, through a delivery plan. Individual LEP and Growth Company Boards should commit to delivering the elements which require their leadership or input.

3.9 A lead Growth Hub, the Growth Company, or other organisation should be appointed by the SED Board to lead each specific recommendation, with the SED Board holding them to account for programme and organisational performance on behalf of the region. This is important, as some of the changes recommended (for example in relation to the Growth Company, Growth Hubs or existing LA led EU funded schemes) are outside the current remit of the SED Board.

3.10 Whilst this need not hold up implementation, it also recommends that the wider Governance Review considers both SED Board and e.g. Innovation Board / Business Advisory Groups.

4.0 Financial implications

- 4.1 The review has developed detailed costing estimates for a new approach to account management, customer journey and campaign that total circa £4m over a 4 year period.
- 4.2 WMCA has earmarked £100k of one-off reserves in 2021/22 to support the first year CRM system costs, subject to approval in the financial monitoring report. The funding request for this item in subsequent years will be incorporated into the Corporate Strategic Planning process and updated Medium Term Financial Plan that will be presented to Board in September.
- 4.3 Funding for the other costs would need to be identified through existing funding sources such as regional funding pots and LEP / Growth Hub funding. It is recommended that this should happen through the phasing and prioritisation of the delivery plan agreed by the SED Board.
- 4.4 Costs for targeted programmes for supply chains and priority issues such as zero carbon will need to be developed as part of bids for future funding from e.g. the Shared Prosperity Fund (or equivalent).

5.0 Legal implications

None

6.0 Equalities implications

None

7.0 Other implications

None

8.0 Schedule of background papers

Annex 1 – Business Support Review – final report.