

<b>Date</b>	Friday 13 May 2022
<b>Report title</b>	Regional Economic Development Functions Part B: Role of the West Midlands Growth Company
<b>Portfolio Lead</b>	Councillor Ian Brookfield Portfolio Holder for Economy and Innovation
<b>Accountable Chief Executive</b>	Laura Shoaf, Chief Executive, WMCA
<b>Accountable Employee</b>	Julie Nugent, Director of Productivity and Skills, WMCA
<b>Report has been considered by</b>	-

### **Recommendations for decision**

The Economic Growth Board is recommended to:

- i. Agree in principle that WMGC should continue to deliver activity similar in scope and scale to the Business and Tourism Programme (BATP), and should continue to explore other opportunities to add value to delivering the region's economic strategy, recognising that appropriate funding streams will need to be secured. If agreed, WMGC will work with partners to establish a new suite of objectives and key indicators to better deliver the Plan for Growth, address the region's levelling-up challenges and to meet the specific needs of places in the region.

#### **1. Purpose**

- 1.1 The purpose of this item is to agree in principle the 'business as usual' scope of the West Midlands Growth Company's (WMGC) role within the regional economic development system in order to input into WMCA's budget-setting, Trailblazer Devolution Deal and UK Shared Prosperity Fund (UKSPF) Investment Plan processes, and to enable WMGC to undertake further work with WMCA and local authorities on a new suite of objectives and key indicators to deliver both regional and place-specific outcomes.

#### **2. Background**

- 2.1 WMGC is constituted as a company limited by guarantee, wholly owned by WMCA and the seven constituent Metropolitan authorities. At present, WMGC is funded by both the Department for Culture, Media, and Sport and WMCA to deliver BATP and

business as usual activity, which includes attracting businesses (Foreign Direct Investment), capital, visitors and conferences & events to the region.

- 2.2 WMGC's substantive funding from both WMCA and DCMS comes to an end in March 2023 (save for some B ATP tail funding, which is fully committed, and the ongoing commitment of £0.7m from WMCA's core fund). To establish itself as a going concern, WMGC needs clarity on its future funding no later than November 2022. With WMCA due to begin its budgeting process shortly after the local elections, devolution deal negotiations ongoing and work on the UK Shared Prosperity Fund Investment Plan about to commence, this is an opportunity for the Economic Growth Board to express its view on the scope of WMGC's role beyond its current Service Level Agreement.
- 2.3 The letter from Government on LEP Integration identified international trade & investment as a key function to be integrated into WMCA. While the previous item set out the approach to establishing an agreed regional position on what economic development functions should be delivered at which spatial levels and high-level principles for integration, the responsibility for investment already sits with WMCA and is discharged by WMGC and so does not need to be part of this workstream. Future funding does though need to be considered, along with opportunities to grow the scope of WMGC's role in a post-LEP Integration landscape.
- 2.4 If the ambitions set out in the Plan for Growth and the Levelling Up White Paper are to be realised then attracting investment will become even more important. B ATP is delivering significant returns in excess of agreed targets and overcoming the region's international visibility challenge, building a significant pipeline of investment, conferences and sporting events (please see Appendix A). WMGC therefore believes there is a strong rationale to continue delivering activity similar in scope and scale to B ATP as its business as usual, rather than returning to pre-B ATP levels of activity. This is especially critical as the international markets for investment, visitors, conferences and events grow increasingly competitive.
- 2.5 Whilst the case for continuing such a programme of activity is strong, it is also recognised that WMCA does not have the means to fund this directly from current resources. If the Economic Growth Board supports retaining this level of activity, work will continue through the devolution process to explore Government's appetite to continue funding activity that is similar in scope and scale to B ATP, albeit recognising that a new rationale will be required in the absence of the Commonwealth Games. Meanwhile, opportunities to fund some WMGC activity will be explored as the UKSPF Investment Plan is developed.
- 2.6 As well as securing additional resource to support FDI attraction, research by the University of Warwick has shown that a more coherent approach to attracting it is required to ensure the greatest returns are received. This suggests that WMGC's current targets (projects landed, jobs created, GVA and business rates uplift) are no longer sufficient; moving forward, a revised set of targets should be considered that:
  - Take full account of WMGC's role attracting capital, visitors, and major conferences and sporting events;

- Focuses more heavily on leading indicators, i.e. visibility and perception, and pipeline;
  - Introduces qualitative measures for landings, such as attracting research & development or projects that move the dial on net zero;
  - And, crucially, places WMGC's role in the wider regional context, e.g. joint targets on skills or to focus impact on particular places
- 2.7 Agreeing in principle that WMGC should continue to focus on activity of the scope and scale of B ATP will enable the Company to proceed with business planning while working with partners on a new set of targets. These would be brought to a future meeting of the Economic Growth Board later in 2022.
- 2.8 In addition, there may be scope for additional functions to transfer into (and out of) WMGC as discussions progress on LEP integration, in order to address key economic development priorities. For example, there is little activity on trade and exports currently delivered by the region. There is a growing need to ensure that we understand and have the means to enable our strategic employers to deliver their growth aspirations in the region, while ensuring that our regional economic development system recognises and delivers the specific needs and opportunities of each of our places and growth sectors.
- 2.9 With the capacity and capability now present in the business as a result of B ATP investment, the Growth Company is developing work on the following strands of activity:
- Strategic employer engagement, complementing and adding value to the vital relationships held by local authorities;
  - Export promotion and trade facilitation, building on the partnership established with the Department for International Trade to deliver B ATP and aligning it with the future business support landscape; and
  - Elements of cluster support related to the West Midlands Plan for Growth, particularly in sectors aligned with markets for inward investment.
- 2.10 The Growth Company would welcome feedback from the Economic Growth Board on these strands (and others). Thinking will also be developed further as part of the regional discussions on economic functions with a view to bringing further reports and propositions in due course.

### **3. Financial Implications**

- 3.1 There are no direct financial implications as a result of this report. Agreeing in principle will enable the Economic Growth Board's position to be taken into account as part of WMCA's budgeting process.

### **4. Legal Implications**

- 4.1 There are no legal implications as a result of this report. The Combined Authority already has a power of general competence which covers its activities on economic development and regeneration.

**5. Equalities implications**

- 5.1 There are no equalities implications.

**6. Inclusive Growth Implications**

- 6.1 “Smarter commissioning” of WMGC will enable the region to deliver greater impact against the Levelling Up Missions, which have inclusive growth and living standards at their heart.

**7. Geographical Area of Report’s Implications**

- 7.1 The report primarily covers the West Midlands Combined Authority area.

**8. Other Implications**

- 8.1 None.

**9. Schedule of Background Papers**

Appendix A – BATP Q4 2021/22 outputs