



<b>Date</b>	23 September 2022
<b>Report Title</b>	West Midlands Growth Company: Future funding and priorities
<b>Portfolio lead</b>	Councillor Ian Brookfield, Leader of City of Wolverhampton Council  WMCA portfolio lead for Economy and Innovation
<b>Accountable Chief Executive</b>	Laura Shoaf - Chief Executive, WMCA  Email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
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<b>Report has been considered by</b>	

## Recommendations

Economic Growth Board is recommended to:

1. Note the accompanying paper ([Annex A](#)) that sets out the West Midlands Growth Company's (WMGC) summary of current activity, alongside proposed objectives for 2023-24.
2. Note that funding has not yet been secured to deliver these objectives, where the Growth Company anticipates it needs:

To continue to deliver at the same scale as current activity.	<ul style="list-style-type: none"><li>• £6m funding from the WMCA/region</li><li>• £6m additional funding from government, pursued through discussions about Trailblazer Devolution and Commonwealth Games residual contingency</li></ul>
To deliver any new activities that the region may require.	<ul style="list-style-type: none"><li>• £3m additional funding (UKSPF).</li></ul>

3. Agree to initiate a detailed options review for the West Midlands Growth Company (WMGC) to identify and secure funding to deliver agreed priorities. In doing so, this will take forward the recommendations of the West Midlands Business Support Review, where we will ensure the WMGC is fully embedded into the business support ecosystem, removing any duplication and ensuring activities are streamlined with appropriate governance and accountability.
4. Delegate agreement of the Terms of Reference for the review, to the Portfolio Lead for Economy, the Mayor, and the Chair of the WMGC.
5. Note that the review will be led by the WMCA Chief Executive, Chief Executive of the City of Wolverhampton Council and Chief Executive of the Growth Company. That

leadership group will work closely with local authority chief executives and finance directors.

6. Key recommendations will come to the WMCA Board in November.

## 1 Purpose

- 1.1 To seek the Economic Growth Board's (EGB) agreement for a comprehensive review of the future funding, focus and reporting framework for the WMGC. In doing so, note that the EGB has previously committed to supporting the work of the Growth Company in boosting Foreign Direct Investment, trade, tourism and internationalisation which is reflected in the accompanying paper. The emphasis of the review is therefore about the scope, scale and sustainable funding of activity, rather than the whether the WMGC should exist.

## 2 Background

- 2.1 WMGC is constituted as a company limited by guarantee, wholly owned by WMCA and the seven constituent Metropolitan authorities. In 2022/3, WMGC was funded by both the Department for Digital, Culture, Media, and Sport (DCMS) and WMCA to deliver the Business and Tourism Programme (BATP) and business as usual activity, which includes attracting businesses (Foreign Direct Investment), capital, visitors, conferences and events to the region. Annex A provides a summary of current WMGC service and core capabilities. In addition, the West Midlands Business Support Review identified a regional need for strategic account management of large employers in the region, as well as support for export scale up. These areas have been identified as potential extended roles for the Growth Company, with the option of funding these through UKSPF.
- 2.2 In May 2022, as part of the Economic Growth Board's review of economic functions, the Growth Company set out their intent to work with WMCA, local authority and other regional partners to review the focus, objectives, and KPIs of the Growth Company. This was part of the wider review of functions delivered to support economic development in the West Midlands.
- 2.3 The West Midlands Business Support Review identified the need for the Growth Company to be fully embedded into the business support ecosystem, particularly in relation for strategic account management. This is in-line with the Economic Growth Board's commitment to a more cohesive and value-driven approach that aligns activity, removes duplication to deliver value for money and impact right across the West Midlands.
- 2.4 Annex A sets out the Growth Company's initial response to this, with a clearer focus on future role, responsibilities, and KPIs. However, at this point, funding for these activities has not yet been secured. Funding discussions have progressed with a number of potential sources:
  - HMG – with requests for funding submitted as part of the Trailblazer Devolution discussions (specifically for funding for 'BATP 2' and strategic relationship management as part of *Global West Midlands*).



- Discussions with local partners and DCMS to use Commonwealth Games residual contingency funding to maximise the conversion of the current pipeline into investment into the region and potentially support a 'BATP 2'.
  - A submission to HMG re an emergency budget settlement.
  - Securing funding from the WMCA and/or constituent authorities, noting that £0.7m has already been committed as part of the CA's Medium Term Financial Plan.
  - Potentially use UKSPF funding to support strategic account management and/or export scale up activity, in line with priorities identified for business support.
- 2.5 Funding discussions are ongoing, although commitment needs to be secured quickly, to maximise leverage of national / government funds, and to enable the Growth Company to continue operations.
- 2.6 The Chair of the Growth Company, Mayor and Portfolio Lead are therefore recommending a review to set out future options for funding, in line with agreed objectives. This will:
- Set out proposed activities and KPIs for the Growth Company, in line with the attached paper and reflecting available funding, as well as ensuring greater clarity about the respective roles, responsibilities and accountabilities of the WMCA and constituent local authorities.
  - Set out recommendations for securing core funding, to be developed with regional local authority chief executives and finance directors.
  - Reflect the position on external sources of funding, including the potential to secure some UKSPF funding (c£1.1m) to support strategic account management
  - Set out a sustainable funding model for the WMGC, including the WMGC's operating model.
  - Set out a clear framework for evaluating the impact and benefits of WMGC activity so these are understood and reported on to local authorities and private sector partners.
  - Set out clear recommendations for future governance and reporting arrangements, including clarifying the relationship with the Economic Growth Board.
- 2.7 The Review will be overseen by the Economic Growth Board Chair, Mayor and Chair of the WMGC. It will be led by a leadership team of the WMCA Chief Executive, Chief Executive of the City of Wolverhampton Council and Chief Executive of WMGC. Support will be provided by the WMCA, City of Wolverhampton Council and WMGC, working in conjunction with Directors of Economic Development and the regional Financial Directors. Key recommendations will be made to the WMCA Board in November.

### **3 Financial Implications**

- 3.1 £0.7m is currently budgeted for the WMGC in the WMCA's Medium Term Financial Plan. This is short of the £6m costed proposal put forward by the WMGC for locally funded activity.

### **4 Legal Implications**



4.1 There are no direct legal implications.

**5 Equalities Implications**

5.1 There are no direct equalities implications.

**6 Inclusive Growth Implications**

6.1 There are no direct inclusive growth implications, but the review is an opportunity to embed inclusive growth priorities in the commissioning of the WMGC.

**7 Geographical Area of Report's Implications**

7.1 The report relates to the WMGC which serves the 7 Met area and wider 3 LEP footprint.

**8 Schedule of Background Papers**

May 2022 – Report to the Economic Growth Board

## Annex A

<b>Date</b>	23 September 2022
<b>Report title</b>	West Midlands Growth Company – Objectives and Key Results (Annex)
<b>Portfolio Lead</b>	Councillor Ian Brookfield Portfolio Holder for Economy and Innovation
<b>Accountable Chief Executive</b>	Neil Rami, Chief Executive, WMGC Laura Shoaf, Chief Executive, WMCA
<b>Accountable Employee</b>	Katie Trout, Director of Policy and Partnerships, WMGC Julie Nugent, Director of Productivity and Skills, WMCA
<b>Report has been considered by</b>	Directors of Economic Development and WMGC Board

### Recommendations for decision

Economic Growth Board is recommended to:

- i. Note current activity being undertaken by West Midlands Growth Company (WMGC) and performance against the existing suite of indicators which form part of the Service Level Agreement with West Midlands Combined Authority (WMCA) and those that were agreed with Government as part of the Business and Tourism Programme (BATP).
- ii. Comment and approve the draft suite of objectives and key results for WMGC for 2023-24, noting that:
  - a. these are based on WMGC continuing to be an organisation capable of delivering activity similar in scope and scale to the BATP;
  - b. that if funding is reduced, or indeed increased, then the objectives and key results would need to be amended accordingly;
  - c. some sub-objectives that cover activity for which WMGC has not been formally agreed as the lead partner have been included to reflect areas where discussions are underway; and
  - d. that figures for the key results will be developed once there is a clearer indication of the funding envelope available.
- iii. Note the funding streams that are currently being pursued to support the continuation of current levels of WMGC activity.

## 1. Purpose

- 1.1 The purpose of this report is to outline current levels of activity of the WMGC and performance against existing targets and to propose for discussion a suite of new objectives and key results for 2023-24. These are being proposed ahead of a funding envelope being agreed so would need to be scaled appropriately once this is finalised.

## 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 BAMP and business as usual activity, which includes attracting businesses (Foreign Direct Investment), capital, visitors and conferences & events to the region. Appendix A provides a summary of current WMGC service and core capabilities.
- 2.3 At present, WMGC's core SLA objectives with the WMCA are to:
- Land FDI projects;
  - Create jobs; and
  - Generate GVA and business rate uplift.
- 2.4 Performance against these targets is set out in Appendix B.
- 2.5 While WMGC has consistently met and often exceeded its targets, this has not always correlated with shareholder satisfaction. Feedback from partners and WMGC analysis suggests that this is because:
- Not all places have the material conditions for FDI;
  - Some places would benefit from increased capital attraction support, on exports and/or on business / leisure tourism;
  - Economic and policy realities are shifting, and WMGC's targets do not reflect them
  - Queries over the additionality and division of responsibilities between WMGC and LA teams; and
  - General desire for a more transformative impact.
- 2.6 To address this, WMGC trailed an evolved approach at Economic Growth Board in May, setting out a desire to rescope its objectives and key results to:
- Take full account of its role attracting capital, visitors and major events;
  - Focus more heavily on leading indicators, i.e. visibility, perception and pipeline;
  - Introduce qualitative measures, such as R&D projects or projects that move the dial on net zero; and
  - Place WMGC's role in a wider regional context, e.g. shared impact targets with WMCA on skills.

- 2.7. At that meeting, the Economic Growth Board agreed in principle that WMGC should continue to deliver activity similar in scope and scale to the B ATP 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. It also agreed that the WMGC should 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.
- 2.8 The framework of Key Performance Indicators (KPIs) developed for the B ATP provide a strong basis upon which to develop a new suite of indicators because they:
- Track performance consistently across all WMGC business areas (i.e. inward investment, capital investment, MICE and sporting events, leisure tourism);
  - Allow WMGC to break down performance by priority sector, target market and places within the region; and
  - Include 'leading indicators' which help WMGC to understand what is happening in the marketplace and anticipate what is coming through the pipeline.
- 2.9 Performance against these targets is strong, with WMGC 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 (see Appendix C and item on B ATP performance earlier on this agenda).
- 2.10 There is now an opportunity to build on this approach to track the 'strategic added value' WMGC generates for the region and where the organisation is helping achieve shared priorities such as:
- Promoting green growth
  - Raising productivity
  - Creating skilled jobs
  - Strengthening key clusters of economic activity
  - Boosting the region's global reach
  - Strengthening the region's 'value proposition' in the marketplace
- 2.11 The draft headline and sub-objectives and key results shown in the tables below have been informed by WMGC's understanding of the region's priorities (e.g. those in the Plan for Growth) and feedback from partners, including the WMCA, Met Local Authorities and the WMGC's Board.
- 2.12 The objectives shown in italics reflect activities that have been identified as important for the region and where there are discussions about WMGC leading on their delivery. Whilst this has not been agreed, nor funding allocated, they have been included to show the breadth of activity that WMGC could undertake and the complementarity with current areas of focus.

- 2.13 Given the significant economic challenges facing the region, more effective delivery of strategic relationship management, cluster development and support for firms to scale internationally has become even more important than when they were first identified as priorities. These activities will not only help to support businesses to survive and ultimately grow but also help to create much needed jobs and additional business rates to support communities.



### Draft Objectives for Discussion

Headline Objective	Sub-objectives	Key Results
Working with the WMCA, LAs and other partners, make the West Midlands the most attractive destination for tourism, trade & investment in the UK outside of London by 2030	Continue to increase the region's profile and reputation in key markets, driving improvements in awareness, sentiment and consideration	See emerging framework (next table)
Leverage the "halo effect" of the Birmingham 2022 Commonwealth Games	Ensure the region fulfils its contractual obligations re: BATP benefits to 2027	
	Promote the region's major capital assets at key events with the aim of securing gear-shift private investment	
Support the delivery of the Plan for Growth and other regional and local economic plans in order to secure long-term business growth across the West Midlands	Lead location coordination, working with local authorities, central government, universities and business groups in order to land major investment across the whole region by helping potential investors understand how the West Midlands makes their firm stronger.	
	<i>Work with industry and private-sector led bodies aligned with Plan for Growth clusters [specify which ones once agreed] to identify barriers to and opportunities for growth, and with WMCA/LAs to develop the interventions to overcome them *</i>	
	<i>Enable high-growth potential firms in key clusters to scale internationally * [this objective could broaden to cover a greater role in trade/export depending on the outcome of the TDD negotiations]</i>	
	<i>Develop effective strategic relationship management with the top 500 businesses in the region*</i>	
	Work with partners to maximise the impact of R&D investment on FDI attraction	

*\*Sub-objectives in italics – whilst discussions have been had on the WMGC undertaking these activities, it has not yet been formally agreed that this will be the case it has nor has funding been identified. These sub-objectives are therefore included to show what the breadth of objectives could look like*



### Emerging Key Results Framework for Discussion

	Inward investment	Capital investment	Trade	MICE and sporting events	Leisure tourism	Scope for within-region analysis?	Scope for analysis by sector and market?	Source data/intel
Leading indicators	<b>Market signals</b> - website and social media traffic, leads generated from events and sales missions						✓	Google analytics, media tools, WMGC CRM
	<b>Perceptions shift</b> - awareness, +ve/-ve sentiment and active consideration of the region's value proposition (i.e. as a place to invest in, trade with, organise a conference or event in or to visit)					✓	✓	Primary research with key audiences in our target markets
	<b>Pipeline</b> - leads converted to active opportunities, opportunities won/landed (i.e. inward investment projects, capital investment projects, export deals, business recruited to the Partners West Midlands programme, MICE/sporting events, key strategic businesses account managed, travel trade ready/bookable tourism product created)					✓	✓	WMGC CRM
Lagging indicators	Jobs created							
	GVA/economic impact generated					✓	✓	WMGC analysis
	Business rate uplift achieved							
Strategic added value - cross-cutting themes/shared objectives	Clean/green growth	Investment in low carbon real estate and infrastructure						Qualitative/case study approach
	Boosting productivity	Attraction of high tech/high value added/high productivity FDI						
	Creating high quality job opportunities	Creation of highly skilled, well paid jobs - through FDI and working with indigenous firms						
	Enhancing the region's value proposition	Boosting the region's value proposition through the attraction of 'marquee' investors, globally important conferences and events, development of new infrastructure, real estate, cultural assets etc...						
	Developing the region's tourism offer and growing the visitor economy	Attracting more high value overnight and overseas tourists						
		Increasing visitor numbers Boosting the GVA and jobs supported by tourism						
Supporting the competitiveness and growth of the region's business base	Increasing confidence and positive sentiment among the region's top 500 businesses					Chamber, CBI, IoD, PMI surveys		

\*NB - WMGC is working with the WMCA to further develop the 'Strategic Added-Value – Cross Cutting Themes' so that they are fully part of the wider systems work being undertaken on outputs/outcome"



### **3. Financial Implications**

- 3.1 To continue to deliver the current level of service that is being delivered through B ATP and to maximise the number of pipeline leads that can be landed in the region, thereby leveraging the full potential of Commonwealth Games, the WMGC requires a minimum of £12m per annum.
- 3.2 If the additional activities that are currently under discussion are also commissioned from WMGC (namely strategic relationship management, cluster development export promotion and facilitation) then this would require an additional £3m per annum. These activities are critical to helping the region navigate the challenging economic headwinds it currently faces.
- 3.3 Given the constraints on local and regional budgets, it is recognised that it will not be possible to fund the organisation to these levels from a single source. WMGC is therefore actively pursuing a number of funding streams, including resources for funding B ATP 2 through the Trailblazer Devolution Deal and funding from any residual contingency from the Commonwealth Games.
- 3.4 These funds are in addition to discussions around a regional contribution to the WMGC and any monies that might be available from other regional pots like UKSPF, recognising the funding constraints of these.
- 3.5 If funding to this level cannot be secured, then activity would need to be scaled accordingly. Various scenarios are currently being developed to model different funding envelopes.

### **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 – Current WMGC service and core capabilities

Appendix B - Current Performance against WMCA SLA targets

Appendix C – Current Performance against BATP targets



## Appendix A

### Current WMGC service and core capabilities

#	Service/Capability	Key Activity Summary
<b>1.0</b>	<b>Investment Promotions Agency Services</b>	
	Inward Investment Services	Inward investment acquisition, development and support
	Capital Investment Services	Capital investment acquisition, development and support
	Investment Insight & Analysis	Regional and investment business targetting and analysis.
	Global Growth Programme	Regional investment support service (Soft landing package)
	Account Management Programme	DIT/WMGC Account Management programme (150 FDI companies)
<b>2.0</b>	<b>Marketing Service, Communications &amp; Events</b>	
	Sector Marketing	Sector marketing and promotion.
	Tourism Marketing	Tourism marketing and promotion
	Marketing Services (Design, Collateral, Ecommerce, Print)	Central marketing services
	Strategic Communications (Corporate, Investment & Tourism)	Cross-company strategic communications.
	Events services (Corporate, Investment, Tourism, MICE)	Inhouse events management - international and domestic.
<b>3.0</b>	<b>Meetings, Incentives, Conferencing and Exhibitions (MICE)</b>	
	Major Events Attraction (Sporting, Cultural, Business)	Event acquisition, promotion and development.
	West Midlands Convention Bureau	Major event support services.
<b>3.2</b>	<b>Leisure Tourism</b>	
	Regional Tourism/Destination Management Services	Strategic coordination and delivery of Tourism promotion
	Tourism Insight & Analysis	Tourism insight and analysis
<b>4.0</b>	<b>Policy &amp; Partnerships</b>	
	Partnership West Midlands	WMGC paid partner programme (Income generating)
	Sponsorship Management	Acquisition and support of BATP programme sponsors.
	Policy Support	Support of regional policy formulation
	Local Authority liaison and coordination.	Combined Authority + 7 Local Authorities
<b>5.0</b>	<b>International Relations Services</b>	
	West Midlands India Partnership	India market public/private special purpose vehicle.
	In-market representation network management	WMGC representation network (IND, GER, US/CAN, SIN AUS)
	FCO/DIT Post Relationship Management	FCO/DIT liaison and coordination
<b>6.0</b>	<b>Business Administration &amp; Control</b>	
	Project Management Office (PMO)	Strategic project management office (Corporate & BATP)



Appendix B

Current Performance against WMCA SLA targets

	Inward investment	Capital investment	MICE and sporting events	Leisure tourism
2021-22 targets	38 projects landed	1 project landed	1 event landed	1,950 visitors attracted
	1,998 jobs created	50 jobs created	£1m economic impact	£900,000 spend
2021-22 achievement	37 projects (97%)	2 projects (200%)	7 events (700%)	Impact data not yet available
	2,986 jobs (149%)	280 jobs (560%)	£13.6m impact (136%)	
Of which:				
BAU	26 projects, 2,589 jobs	2 projects, 280 jobs	3 events, £4.4m impact	
BATP	11 projects, 397 jobs		4 events, £9.2m impact	
2022-23 targets	55 projects landed	2 projects landed	2 events landed	4,680 visitors attracted
	4,000 jobs created	100 jobs created	£2m economic impact	£2.2m spend
YTD achievement (as at 12 <sup>th</sup> August 2022)	14 projects (25%)	0 projects	3 events (150%)	Impact data not yet available (due in March 2023)
	1,131 jobs (28%)	0 jobs	not yet available	
of which:				
BAU	5 projects, 431 jobs	n/a	0 projects	
BATP	9 projects, 700 jobs	n/a	3 projects	

Appendix C



**Current Performance against BATP Targets**

	2022-23 full year target	Achievement at the end of games time (12th Aug 2022)		End of programme target (2027)	Achievement at the end of games time (12th Aug 2022)	
		Numbers	Percent		Numbers	Percent
Inward investment projects landed	17	23	135%	75	23	31%
Sponsors secured	10	7	70%	10	7	70%
Travel trade bookable products developed	25	28	112%	25	28	112%
MICE/sporting events landed	2	10	500%	19	10	53%
Value of export wins secured	£780,000	£160,000	21%	£6,500,00	£160,000	2%

\*NB these figures are cumulative since the start of the programme so are higher than the YTD figures in Appendix B