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Report Title	West Midlands Plan for Growth Update – including a focus on Creative Content and Production growth cluster
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Report has been considered by	Directors of Economic Development

Recommendations

Economic Growth Board is recommended to:

- note progress on monitoring of Plan for Growth, with Creative Content and Production (led by Create Central) as a proposed model for future reporting into Economic Growth Board.
- note the opportunity for the West Midlands provided by the Government's changes to the Investment Zone programme.

1 Purpose of Report

- 1.1 The purpose of this report is to provide an update to Economic Growth Board on progress around Plan for Growth with a particular focus on cluster leadership, success measures and reporting and how Plan for Growth cluster-based activity will dock with the wider business support activity.
- 1.2 The report also seeks EGB's endorsement of proposed high-level success measures as they relate to cluster growth.

2 Background

- 2.1 To remind EGB members, the West Midlands Plan for Growth takes a twin-track approach to securing new economic growth in the West Midlands economy by:
 - Capitalising on **existing clusters of scale and strength** where the West Midlands has UK and global competitive advantage, clear market confidence, and credible opportunity for additional growth in high-value employment over the next 2-5 years. This is forecast to generate approximately £2.9 - £3.2bn additional output by 2030 and up to 44,800 additional jobs.



- **Supporting nascent clusters and emerging technologies** that might spur additional growth of around £900m over the next 5-10 years and up to 15,000 additional jobs.

2.2 As EGB members are aware, the Plan will be used to:

- Inform and challenge where we prioritise resources already devolved to the region and, when necessary, seek further resources. This does not just relate to WMCA programmes, but those in local authorities, the West Midlands Growth Company (WMGC), and universities.
- Inform the region's economic narrative about the next decade focused on a proactive medium-term plan to support market-led growth.

3. Progress to Date

3.1 As part of the work on LEP integration, the recently appointed Head of Economic Development and Delivery is currently determining how interventions that drive cluster development are best taken forward.

3.2 This builds on and develops work undertaken by partners including the Local Enterprise Partnerships, West Midlands Growth Company, the private sector and membership-led organisations.

3.3 There is not a 'one-size fits all' approach to cluster growth and associated leadership. In some areas, there are existing mechanisms and/or leads which we are keen to build on. By way of example, the Midland Aerospace Alliance has provided strong cluster leadership for nearly 20 years.

3.4 In other clusters, there is a challenge in addressing which the appropriate mechanisms are for driving forward cluster growth be that through competing visions; there being no clear industry voice; or clusters where there has been little history of working in partnership with the public sector. Work on this is underway with a full update to be brought to a future EGB.

4. Delivering Growth

4.1 In working with clusters and, where appropriate, organisations that represent those clusters locally, the Head of Economic Development and Delivery is focusing on clear short-term success measures aimed at boosting the growth of the West Midlands economy. As part of this, he is developing a regular reporting structure focused on opportunities for cluster growth; risk analysis and quarterly action reporting.

4.2 It is suggested that cluster success measures, as aligned to Plan for Growth and wider measures for business support focus on:

- Additional public and private sector investment leveraged into the West Midlands
- New high value jobs created in the cluster
- New R&D activities between industry and the knowledge base, including public and private R&D funds leveraged
- Higher level (3 and above) technical, and associated, training that supports cluster growth



- 4.3 An example of those success measures, as they relate to the cluster Creative Content and Production, where there has been a clear, well-supported cluster organisation, for the last three years is appended to this report. There will be a presentation from Create Central, the cluster organisation, to illustrate their economic successes and future plans as part of this item.

Cross-Cutting Activity

5. Investment Zones

- 5.1 In September, the Government announced the creation of Investment Zones. These were to be drivers of growth through a regime of Lower Taxation (time limited tax benefits – 100% business rates relief, enhanced capital allowances, employer NIC contributions relief, Stamp Duty Land Tax relief), accelerated development and local growth reforms.
- 5.2 The WMCA, as co-ordinating body through Housing and Land Board, along with its partners submitted a number of Expressions of Interest to Government on 14 October 2022. This work was built on the joint working around the investment prospectus, which was developed during 2022.
- 5.3 In the Chancellor’s Autumn Statement on 17 November 2022, the Investment Zone programme was paused and Government announced that it will “refocus the Investment Zones programme” and that the existing expressions of interest will not be taken forward.
- 5.4 In its place, the government announced that a new programme will be launched “to catalyse a limited number of the highest potential knowledge-intensive growth clusters, including through leveraging local research strengths.” And that the “Department for Levelling Up, Housing and Communities will work closely with mayors, devolved administrations, local authorities, businesses and other local partners to consider how best to identify and support these clusters, driving growth while maintaining high environmental standards, with the first clusters to be announced in the coming months.” Autumn Statement (para 3.25)
- 5.5 This announcement has clear implications for the West Midlands. Refocussing the programme around research and innovation, high growth, high potential clusters will allow the West Midlands to utilise and promote the work of the West Midlands Plan for Growth as the basis for future discussion with Government.
- 5.6 EGB is asked to note this likely opportunity and that the WMCA economy team will work closely with the Housing, Property and Regeneration team, Local Authorities and other local partners to ensure this activity aligns closely with the Plan for Growth in order to maximise the opportunities across the region.

6. Access to Finance (A2F)

- 6.1 The West Midlands Plan for Growth has access to finance and investment – particularly Early Growth Fundings – as a key cross-cutting intervention. Access to finance has been a concern across the wider economy in the West Midlands for some time. To address this the WMCA is, with partners, seeking to create a forum to address issues within the market. This Advisory Panel will coordinate activity



between fund managers, public sector-related intervention and encourage innovation in delivery. The public activity includes work underway by the WMCA, Midlands universities, the West Midlands Growth Company, government agencies like the British Business Bank, and commissioned programmes to improve the investment readiness of firms. The financial ecosystem is complex with multiple stakeholders and a forum will harness power more effectively. Without it messages are sometimes not aligned, can be viewed as conflicting, and timing of activities is not coordinated. A report will be brought to a future EGB outlining suggested activity, terms of references for the proposed Advisory Panel and the region's overall ambition to accelerate growth through deeper access to finance.

- 6.2 As part of delivering Plan for Growth, it is anticipated that access to finance should become a part of normal delivery (rather than a specialist activity) with the aim to:
- Enable growing firms in the West Midlands to be more investment-ready
 - Enhance the growth capital market in the West Midlands to be bigger and regarded as a driver of growth
 - Ensure our communities benefit from faster-growing firms who are more deep-rooted in the region because their capital flows come from the West Midlands.
- 6.3 This is required because the finance market in the West Midlands has demonstrable gaps in certain areas:
- Businesses in the West Midlands receive relatively smaller amounts of private sector finance.
 - Different clusters face different challenges when accessing finance
 - Disparities in finance received by minority-owned businesses, and women-led businesses compared to averages
 - Additionally, the challenges of cluster development for the 8 primary and 12 nascent clusters identified in the plan for growth require co-ordinated investment from public and private sector

7 Financial Implications

- 7.1 Whilst the Plan for Growth has the potential to deliver interventions that may require financial commitments in the future, there are no direct financial implications as a result of the recommendations within this report. The work to date has been enabled from existing WMCA resources.

8 Legal Implications

- 8.1 Although there are no immediate legal implications arising from this report, it is acknowledged in the report that the mobilisation of the Plan for Growth may mean securing new powers and investments for the interventions specified. Legal advice will, therefore, be sought at the appropriate stages in the development and implementation of the Plan for Growth

9 Equalities Implications

- 9.1 There are no direct equalities implications.



10 Inclusive Growth Implications

- 10.1 There are no immediate inclusive growth implications arising from this report but individual strategies and delivery schemes are expected to respond to local area, and local stakeholder, needs to ensure that projects arising benefit local residents, including harder to reach groups

11 Geographical Area of Report's Implications

- 11.1 The report relates to the WMCA seven Met area.



Appendix – Creative Content and Production Cluster – Create Central

Create Central was formed in late 2019 as a response to the comparative lack of a functioning creative content cluster as identified in a WMCA commissioned report following the region's failed bid to host Channel 4's national HQ.

The first three years of Create Central focused on creating a functioning cluster from a low base compared to other regions of the same size and scale. Work included running a series of pilots to deliver tangible results from low levels of funding, build the trust of, and networks within, the industry with a view to scale the cluster in years 4-6.

As a cluster organisation model, Create Central has been hugely successful in delivering on that initial promise. Core funding from WMCA is currently circa £100,000 pa to support the cluster, and in the last three years, that initial investment has leveraged the following outcomes in the West Midlands economy:

Success Measures

- Public sector investment secured = c £3m
- BBC Partnership deal = Tens of millions over 5 years and securing a new £50m BBC HQ for Digbeth (with additional cumulative impacts)
- Creative Content Hub = £18m funding (public/private)
- Creative Cities Convention 2022 = £200,000
- Innovation pilots & partnerships with major brands such as Uber, Bruntwood and the NHS
- 160 Bootcamp attendees with almost 90% now working within the screen industry.

Additionally, the financial leverage of the development fund pilot programme averages a 1:3 ratio of investment (ie: for every £1 of develop funds CC invests £3m of matched funding is secured) from the likes of BBC and Channel 4.

From a cluster development perspective, as Create Central is an industry body designed to create a functioning and effective cluster and not a funding body or public sector business support service, there are no KPI targets around jobs created or businesses supported. This has enabled Create Central to focus on what is needed – investment to support the growth of the industry cluster in the West Midlands - rather than 'counting outputs' of the numbers of businesses supported/touched.

As outlined above, the impact of the Create Central interventions has been high and been independently verified by BOP Consulting and WM-Redi. The industry-led Bootcamps, in particular, are striking in their conversion rate of "training to work in cluster" – of the 160 Bootcamp attendees almost 90% are now working within the screen industry.

Next Steps

Over the next 12 months, Create Central, working across industry and public partners intend to deliver the following:

1. Cluster Leadership

- Create Central was given mandate by EGB in June 2022 to lead a long-term route map for the Creative Content and Gaming cluster which will support the broader WM Plan for Growth.



- Create Central's Board has agreed to develop the action plan to 2030 and Beyond to align with the region's Net Zero targets.
- To support this work, Create Central is leading an industry consultation called Shape The Future
- Shape the Future is a series of events to engage with stakeholders, experienced and new, in order to gather their thoughts to help us shape the future of the creative content industries in the West Midlands with a plan for 2030 and beyond.

As part of this, Create Central have hosted, or will shortly be hosting, five Shape the Future roundtables, across the region on various topics:

- **Innovation, Creativity & Opportunity for the West Midlands** in Leamington
- **Telling the West Midlands Story**, (planned to be in Wolverhampton but held online due to train strikes)
- **Production and Infrastructure**, in Birmingham attended by representatives from Netflix, the BBC, UKTV, Channel 4 and Sky
- **Future Content Creators**, in Coventry in partnership with Positive Youth Foundation
- **Place-making and culture**, in Birmingham in partnership with New Philanthropy for Arts and Culture.

We're also hosting three grassroots community 'meet-ups' to encourage smaller community organisations to engage with Create Central and begin a dialogue for future collaboration.

We will propose to return to EGB in March 2023 with the finalised 2030 and Beyond plan for input and approval, ahead of launch in Q1 23/24.

2. Delivery activity - 2023 and beyond

Create Central is leading a range of funding bids on behalf of the region's creative content cluster. Including:

British Film Institute

- DCMS has just signed off BFI's next 10-year funding strategy called Screen Culture 2033
- 5 funding pots that Create Central is eligible to bid for to start in March 2023
- First launched is the BFI Skills Cluster Fund - 7 national/regional clusters will be selected for up to 6 years of support. The idea is that these clusters work together to address the skills crisis in the industry
- We have just submitted a £2m bid for Create Central to lead one of the clusters, we will find out in February if we have been successful.

Innovation Accelerator

- Create Central is the named partner on 4 x Innovation Accelerator bids, for example
- BCU led bid for an AR studio West Midlands (£5 million) Innovation Accelerator –
 - Midlands Aerospace Alliance – PIVOT programme