

## Economic Growth Board

<b>Date</b>	Wednesday 15 <sup>th</sup> February 2023
<b>Report title</b>	Commonwealth Games Legacy Fund: Economy, Trade and Tourism pillar
<b>Portfolio Lead</b>	Cllr Ian Brookfield Leader, City of Wolverhampton Council WMCA Portfolio-Lead, 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>
<b>Accountable Employee</b>	Dr Julie Nugent – Executive Director, Economic Delivery, Skills and Communities, WMCA Email: <a href="mailto:julie.nugent@wmca.org.uk">julie.nugent@wmca.org.uk</a>
<b>Report has been considered by</b>	<ul style="list-style-type: none"> <li>• <i>Portfolio Leads for Economy &amp; Innovation and Jobs &amp; Skills – 1 Feb</i></li> <li>• <i>Directors of Economic Development (by email) – 2 Feb</i></li> <li>• <i>Finance Directors – 9 Feb</i></li> </ul>

### Economic Growth Board is recommended to:

1. Note the role of the Economic Growth Board in advising on the content of the £38.9m Commonwealth Games Legacy Fund “Economy, Trade & Tourism pillar” and its ongoing role in monitoring the impact of activity.
2. Note the work undertaken with Directors of Economic Development and the West Midlands Growth Company to develop details of the indicative delivery programmes originally set out in the WMCA Board paper on 16 December 2022.
3. Agree to recommend to the WMCA Board (17 March) that the pillar includes the five amended delivery programmes set out in paragraph 2.11.
4. Provide direction on the preferred approach to addressing the current overprogramming across the pillar, as set out in paragraph 2.12.
5. Note the next steps ahead of the WMCA Board making a final decision on the pillar on in March 2023 on allocation of funds in the pillar.

### 1. Purpose

- 1.1. This report explains:
- the background of the Commonwealth Games Legacy Fund and the role of the Economic Growth Board in leading the Economy, Trade and Tourism Pillar.
  - the principles governing use of the fund and how they have been determined.
  - the five strands of the Economy, Trade and Tourism Pillar, how they have been developed with partners and the funding asks associated with each.
  - approaches to ensuring the total asks (£48.55m) can be accommodated within the pillar's funding envelope (£38.9m).
  - the next steps of decision-making, including the WMCA Board on 17 March and subsequent Single Assurance Framework process for business cases.

## 2. Information

### *Background to the Commonwealth Games Legacy Fund and double devolution*

- 2.1 There is unspent contingency funding from the Birmingham 2022 Commonwealth Games (CWG) which the Department for Culture, Media and Sport (DCMS) has indicated it will allocate to WMCA to spend on a CWG Legacy Programme across 2023/24 and 2024/25.
- 2.2 On 18 November 2022, the Mayor and Portfolio Leaders considered a proposal to DCMS. That proposal was the basis for a decision by the WMCA Board on 16 December to agree a Legacy Fund approach of four thematic programme pillars and the governance and decision-making processes under which they will be managed.
- 2.3 The four thematic pillars of the CWG Legacy Fund are:
- a. Economy, trade and tourism (£38.9m)
  - b. Culture and heritage (£4.07m)
  - c. Inclusive communities (£20.8m)
  - d. Wellbeing and sustainability (£4.07m)
- 2.4 These pillars are based upon the original themes of the 2022 Commonwealth Games Legacy Plan. They are interdependent and relate to existing regional and local strategies, such as the [West Midlands Plan for Growth](#) which supports and is in strategic alignment with the 'Economy, trade and tourism' pillar. Development of each pillar draws upon strategies and priorities shaped by partners across the region, and there will be significant elements of open bidding calls, community-led proposals and tendered activity right across the Fund's activities.
- 2.5 The Business and Tourism chapter of the Legacy Plan aspired for the Games to leave "a lasting imprint on jobs, skills, education, and culture and embedding positive perceptions of the West Midlands." The strapline "One region, many worlds" reflected the diversity of the places in the region, but also the single vision of achieving a sustained economic legacy across all parts of the West Midlands reaching to 2027 and beyond. This means better outcomes for people, places and businesses, reflecting Games legacy objectives and regional and local economic priorities, such as the levelling-up of economic

performance across the West Midlands and investment in local and regional capacity. Specific deliverables will be tailored for each type of project and beneficiary.

- 2.6 While WMCA will be the accountable body for the CWG Legacy Fund, we anticipate that Legacy Fund programmes will be delivered by different organisations, best suited to the programmes in question. Following discussion with the Portfolio Leads, there is a steer to ‘double devolve’ some aspects of this funding (such as tourism and events, and jobs and skills) within a coherent regional approach. This ensures that local authorities have the capacity and capability to work in conjunction with specialist partner organisations like the West Midlands Growth Company to secure benefits right across the region.

### *Role of the Economic Growth Board*

- 2.7 The WMCA Board agreed that the detail of the Economy, trade and tourism pillar would be shaped by the Economic Growth Board, led by the WMCA portfolio leads for economy & innovation (Cllr Ian Brookfield) and jobs & skills (Cllr George Duggins).
- 2.8 As well as providing advice to the WMCA Board on the content of the Economy, Trade and Tourism pillar, the Economic Growth Board will also oversee the delivery and impact of programmes over the duration of the Legacy Fund to March 2025 and beyond.
- 2.9 The 16 December WMCA Board paper described five illustrative delivery programmes, reflecting a balance of activity across the economy, trade and tourism pillar. These are set out below, along with information about leadership and any associated commitments:

<b>Pillar and Leadership</b>	<b>Illustrative delivery programme</b>	<b>Notes and links</b>
<b>Economy, trade and tourism (£38.9m)</b>  <b>Portfolio Lead:</b> Cllr Brookfield Cllr Duggins  <b>WMCA Exec Director:</b> Julie Nugent	(i) Trade and Investment, to include maximising pipeline conversion of Business and Tourism Programme.	The West Midlands Growth Company has led the development of these strands, working with local authorities on capacity needed across the WMGC and local authorities.  The strands have been combined into a single ‘trade and strategic tourism’ package. There are some links between local tourism activity and the culture and heritage pillar.
	(ii) Tourism strategy and campaigns.	The WMCA Board resolved in December 2022 to commit at least £3.4m of the Legacy Fund economy pillar to the WMGC to provide it with a viable level of funding. This connects to the direction of the WMGC Review (see Item 10).
	(iii) Intensive support for high-growth SMEs	The WMCA has led the development of this programme, working with the local authority business support officers’ group.  This connects to the accelerated delivery of the West Midlands Plan for Growth (see Item 6).

	(iv) Supporting major events in the West Midlands, including the European Athletics Championships	<p>Leadership of this programme has been split given the size and complexity of emerging asks:</p> <ul style="list-style-type: none"> <li>• West Midlands Growth Company, working with local authorities, has developed the proposition for major and local events, including double-devolution.</li> <li>• Birmingham City Council have led the proposal for the hosting of the European Athletics Championships.</li> </ul>
	(v) Wider jobs and skills legacy	<p>WMCA has led this programme, working with the local authority employment and skills officers group.</p> <p>This includes double-devolution connected to the employment challenges set out in Item 7.</p>

### *Development of options and funding options*

2.10 Following the WMCA Board resolution in December 2022, the WMCA convened local authority Directors of Economic Development and the West Midlands Growth Company to develop more detailed proposals across the strands set out above. They:

- Suggested setting ‘strategic fit’ criteria which will ensure that all projects meet the Legacy Fund objectives and wider economic strategy priorities. This is provided as **Appendix 1** and stresses the importance of investment being used to level-up outcomes for businesses and communities right across the region.
- Discussed the balance of funding between the pillar’s programmes, with an indicative direction – but not a decision – that around 50% could be spent on the business-facing elements across activities (i), (ii) and (iii); around 30-40% on major events and the European Athletics Championships; and between 10 – 20% on jobs and skills legacy.
- Agreed the leadership of each of the strands, with details to be developed in consultation with local authorities and using groups like the business support officers’ group and employment and skills officers’ group.
- Emphasised that it is vital to connect the work of the economic pillar with the others. This will be achieved by overall portfolio leadership by WMCA’s Director of Strategy, Integration and Net Zero, with an overview by the Mayor and Met Leaders group.

2.11 Each programme lead has produced an initial, high-level proposal following consultation with local authorities. These have been shared with Directors of Economic Development and are summarised in the table below. The total approximate cost of the proposals is £48.55 million. This does not include the £2m which Birmingham City Council proposes spending on grassroots sport as a requirement of the European Athletics Championships. The WMCA intends to build grassroots sport across the West Midlands into the scope of the Inclusive Communities pillar grants programme.



Delivery programme		Lead	Proposed investment (£ million)	Summary of activity (details of high-level outputs is attached as Appendix 2)
1	Trade, inward investment and strategic tourism	WMGC in conjunction with local authorities	15.850 (inc. 3.4 already committed)	<ul style="list-style-type: none"> <li>£14.1m to WMGC to maximise pipeline conversion of Business and Tourism Programme (inc £3.4m already committed)</li> <li>Inc. £1.750m to develop local capacity aligned to Global West Midlands priorities in all parts of the region (ie: £250k double devolved to each local authority).</li> <li>Funding to support the Destination Development Partnership, included in devolution discussions with DCMS.</li> </ul>
2	Delivering on Plan for Growth and support for high-growth regional businesses	WMCA in conjunction with local authority business support group	5	<ul style="list-style-type: none"> <li>Business support programme for high growth firms across the region</li> <li>Development programme for businesses in supply chains</li> <li>Other enabling capacity for Plan for Growth</li> </ul>
3	Major events in the West Midlands	WMGC in conjunction with local authorities	10	<ul style="list-style-type: none"> <li>Major events investment fund for bidding and hosting support with: <ul style="list-style-type: none"> <li>£8m to support major events (i.e. those requiring at least £250k of support) across the region – likely to support up to 5 events.</li> <li>£2m double-devolved to support local events up to £250k - likely to support up to 8 events..</li> </ul> </li> </ul>
4	European Athletics Championship 2026	Birmingham City Council	11.7 - Economy pillar + 2 - Community pillar (£13.7m Total)	<ul style="list-style-type: none"> <li>Part of an overall delivery cost of £30.835m to host the Championships,</li> <li>Complimented by £2m for grassroots sport This is part of a revenue swap arrangement to allow reallocation of BCC funds recognising funding window restrictions.</li> <li><b>In the event the ask from the Community pillar is not forthcoming the Economic pillar cost increases by £2m.</b></li> </ul>
5	Wider jobs and skills legacy – helping people in the West Midlands benefit from CWG legacy and attendant economic growth	WMCA in conjunction with local authority employment and skills officer group	6	<ul style="list-style-type: none"> <li>Regional careers programme for the under 30s</li> <li>Mentoring for young people seeking work with mental health concerns</li> <li>Targeted jobs support</li> <li>Young adult bursaries</li> </ul>
<b>Total</b>			<b>48.55m</b>	

- 2.12 As this exceeds the £38.9 million allocated for the economy, trade and tourism pillar by £9.65 million, the Economic Growth Board has the following options:
- a) Continue with the broad allocations set out above to deliberately over-programme the pillar at this stage. Costs will be reviewed as business cases are developed and programmes are delivered, with an opportunity to cover for any delayed mobilisation. The risk with this option is that if costs do not fall in business cases or are delayed in delivery, there will not be sufficient funding and in-delivery cuts will be required, with advice from the Economic Growth Board. This can be mitigated by managing spend across broader business and skills programmes, including the UK Shared Prosperity Fund, to profile funding to maximise impact in line with regional priorities.
  - b) Seek to reduce the programme costs to within the £38.9m funding envelope ahead of the decision by WMCA Board on 17 March. This can be achieved by either:
    - i. Removing one of the delivery programmes. This would see all of the programmes again be validated for their alignment to the legacy plan and overall strategic fit with criteria in **Appendix 1**. The risk is that the WMCA Board agreed to the pillar involving activity across all programmes, and each is important to securing the economic legacy from the Commonwealth Games and acting on regional economic priorities.
    - ii. Maintaining all programmes but reduce funding in each by a similar amount (say 15%). The risk is that some programmes may be more impactful than others, so a blanket approach may be too blunt. Also, some activities might be not scalable and already on the margins of viability, but this is not thought to apply to any of the project.
    - iii. Making targeted cuts to some programmes only. This would require further work to identify options, which will be presented to the Mayor and Met Leaders meeting on 3 March. As such, the Economic Growth Board could ask programme leads to model a scenario based on receiving 75% of proposed funding.
- 2.13 Additionally, the Leader of Sandwell Metropolitan Borough Council has written to fellow Council Leaders and the Mayor highlighting the significant threat to delivering the legacy facility Aquatics Centre because of changed economic conditions; especially the huge increase in utility costs which impact on the ability of Sandwell Council to operate this facility fully. The Council has asked that it is not left to bear the costs of these external market pressures alone and, therefore, that £2m is allocated to mitigate those additional costs. This additional £2m cost is not currently incorporated into the draft pillar portfolio set out in para 2.11 above. The Economic Growth Board may wish to consider doing so, which would add a further £2m cost pressure. While this ask doesn't fit within the five indicative programmes set by the WMCA Board for the economy pillar, there may be opportunity within the smaller Health and Wellbeing and Community pillars.

#### *Next steps*

- 2.13 Following the direction of the Economic Growth Board, the economy, trade and tourism pillar investment will be formalised through two processes, run in parallel:
- Overall agreement of the Legacy Fund by WMCA Board (17 March):

- The formal decision about the overall Commonwealth Games Legacy Fund priorities, subject to successful business cases.
- This is based on advice from sub-boards like the Economic Growth Board, as well as input from the Mayor and Met Leaders meeting on 3 March.
- Investment Board approval of business cases for each programme as required by the Single Assurance Framework:
  - Development of the business cases is underway for the programmes set out above.
  - Assuming the relevant programme is included in the Legacy Fund portfolio, business cases will be considered by Investment Panel around 27 March.
  - The Investment Board will decide on business cases on 13 April.

### **3. Financial Implications**

- 3.1 The financial implications as currently understood are set out within the main body of this report.
- 3.2 The CWG Legacy Fund will be subject to the Single Assurance Framework to provide assurance over financial spend plans and value for money. These will be developed as part of later stages of the process.

### **4. Legal Implications**

- 4.1 There are no immediate legal implications as a direct result of this report.
- 4.2 Any grant agreement between the WMCA and the grant recipient/s will have to be drafted back-to-back to the DCMS Funding terms and conditions to ensure that all funding obligations placed on WMCA in relation to receipt of the funding are passed down to the grant recipients delivering the services. The funding agreements between WMCA and any recipient of grant funding should be agreed and signed by both parties before funding is released.

### **5. Equalities Implications**

- 5.1 Included within the broad principles behind the design of proposals agreed by Directors of Economic Development was a focus on addressing inequalities identified by the Race Equality Taskforce, including those for women, disabled people and people from disadvantaged socio-economic backgrounds in the West Midlands. The business cases will need to address the strategic requirements set out in **Appendix 1**.

### **6. Inclusive Growth Implications**

- 6.1 The prioritisation for the CWG Legacy Fund around the Economy, Trade and Tourism Pillar will contribute to the region's inclusive growth framework fundamentals in line with our inclusive economy priority to ensure economic prosperity reaches into the homes across the WMCA area and improving training and skills in line with the education and learning

fundamental. The business cases will need to address the strategic requirements set out in **Appendix 1**.

## 7. Geographical Area of Report's Implications

7.1 The implications of the CWG Legacy Fund will cover all of the West Midlands Combined Authority.

## 8. Other Implications

None

## 9. Schedule of Background Papers

- WMCA Board report - Dec 2022

### Appendix 1 – Criteria to ensure the strategic fit of proposals

Priority	Detail
Regional Economy	<p>The programme helps level-up economic performance in the West Midlands by strengthening local and regional capacity and capability to:</p> <ul style="list-style-type: none"> <li>• Boost inward investment right across the region, including in primary and nascent clusters in the <a href="#">West Midlands Plan for Growth</a>.</li> <li>• Create and/or safeguard good quality jobs across the region, including supporting high-growth firms in clusters prioritised in the West Midlands Plan for Growth.</li> <li>• Broker new international relationships and trade opportunities for regional businesses.</li> <li>• Raise the national and international profile of the region and its major assets in places throughout the region.</li> <li>• Strengthening the capacity and coherence of the West Midlands tourism to see a sustained increase in domestic and international visitors.</li> <li>• Ensuring residents have the skills, training and support to secure employment.</li> </ul>
	<p>The programme supports inclusive growth and tackles wider societal challenges across the region detailed in:</p> <ul style="list-style-type: none"> <li>• The #WM2041 commitment to be <a href="#">carbon neutral by 2041</a></li> <li>• <a href="#">Growing the Social Economy in the West Midlands</a></li> <li>• <a href="#">Addressing inequalities</a> identified by the Race Equality Taskforce.</li> <li>• Addressing established inequalities including those for women, disabled people and people from disadvantaged socio-economic backgrounds in the West Midlands</li> </ul>
Value for money and sustainability	<p>The programme details how it will work alongside private investment to support the delivery of outputs and outcomes.</p>
	<p>The programme details how it will lever additional public investment to support the delivery of outputs and outcomes.</p>
	<p>The programme describes how it will sustain its activities, impacts and track benefits beyond the timescales of the Legacy Fund.</p>





**West Midlands**  
Combined Authority

Collaboration	The programme demonstrates how it will bring together local authorities, public and academic partners and business across all parts of the West Midlands to enhance project outcomes and deliverables. As appropriate, this may also apply to partners outside of the West Midlands with justification.
---------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Appendix 2 – Summary of illustrative project outputs

Programme		Cost (£ million)	High level initial outputs
1	Maximising pipeline conversion of Business and Tourism Programme	15.850	<ul style="list-style-type: none"> <li>• 117 inward investment project wins</li> <li>• £299 million GVA through project wins</li> <li>• 2.07 million visitors</li> <li>• £205 million impact from tourism</li> <li>• 2052 jobs through tourism</li> <li>• £250k capacity funding for each local authority to support tourism and investment</li> </ul>
	Local capacity to respond to inward investment leads in all parts of the region.		
	Funding to support the Destination Development Partnership, included in devolution discussions with DCMS		
2	Business support programme for high growth firms across the region	2.5	<ul style="list-style-type: none"> <li>• 150 business assists</li> <li>• GVA growth of £45 million</li> </ul>
	Development programme for regional businesses in supply chains	2	<ul style="list-style-type: none"> <li>• 150 business assists</li> <li>• 90 businesses investing in new R&amp;D</li> </ul>
	Other enabling capacity for Plan for Growth	0.5	<ul style="list-style-type: none"> <li>• Attract additional public funding</li> </ul>
3	Major events (i.e. those requiring at least £250k of support) across the region	8	<ul style="list-style-type: none"> <li>• Up to 5 new major events</li> </ul>
	Local events up to £250k.	2	<ul style="list-style-type: none"> <li>• Up to 8 new local events</li> </ul>
4	European Athletics Championships 2026 in Birmingham	11.7*	<ul style="list-style-type: none"> <li>• Deliver 7-day international athletics championships, including direct employment of staff during the planning and delivery of the Games.</li> <li>• Complete Alexander Stadium improvements and Perry Park regeneration.</li> <li>• The overall programme projects an economic benefit of over <b>£30m</b>.</li> </ul>
5	Young adult bursaries	1	<ul style="list-style-type: none"> <li>• 1000 young people supported to complete pre-apprenticeship training and access apprenticeships</li> </ul>
	Regional careers programme for the under 30s	1	<ul style="list-style-type: none"> <li>• 10,000 young people supported through careers interventions</li> </ul>
	Mentoring for young people seeking work with mental health concerns	1	<ul style="list-style-type: none"> <li>• 2,000 young people with mental health challenges supported</li> </ul>
	Targeted jobs support	3	<ul style="list-style-type: none"> <li>• 500 to 1000 people supported through locally based jobs support.</li> </ul>
Total		48.55m	

\* In the event the ask from the Community pillar is not forthcoming the Economic pillar cost increases by £2m.