

Date	15 th February 2023
Report title	West Midlands Growth Company Review
Portfolio Lead	Councillor Ian Brookfield Leader, City of Wolverhampton Council WMCA Portfolio Lead for Economy and Innovation
Accountable Chief Executive	Tim Johnson, Chief Executive, City of Wolverhampton Council Laura Shoaf, Chief Executive, WMCA Neil Rami, Chief Executive, WMGC
Accountable Employee	Katie Trout, Director of Policy & Partnerships, WMGC
Report has been considered by	Consultation still to happen with: WMGC Review Sponsors and Executive Groups Directors of Economic Development

1. Purpose

- 1.1. This paper provides an update on progress of the review into the West Midlands Growth Company (WMGC). It sets out the emerging feedback from the consultation process into the future model for the Company, highlighting areas where there is consensus and recommendations can be made, and where further discussion and/or work is required.

2. Recommendations

Economic Growth Board is recommended to:

- 2.1.1. Note and discuss progress on the Review made to date.
- 2.1.2. Comment on the scenarios for the future model for the WMGC, and in particular the preferred scenario as identified by the Sponsors Group which would see the current funding envelope for the WMGC consolidated at £12m but with activity re-focused to meet regional and local priorities; noting that further consultation will be undertaken with the aim of bringing a recommendation to the Mayor and Met Leaders Meeting on 3rd March 2023 for discussion ahead of the WMCA Board on 17th March 2023.
- 2.1.3. Agree that WMGC should continue to undertake the functions as set out in paragraph 6.8 and that the balance of activity across them should be determined by regional and local priorities.
- 2.1.4. Agree that WMGC should undertake the additional role of Strategic Relationship Management if budget levels are broadly maintained at their current level and that WMGC should work closely with LAs to deliver this function.
- 2.1.5. Note that the geographical footprint of WMGC post LEP integration needs to be resolved and that the recommendations will be brought forward as soon as possible, to include clarifying the future relationship with Warwickshire.

- 2.1.6. Note the detailed work being undertaken with Local Authorities and with the WMCA to determine local and regional priorities and that these are being used to inform the proposal for additional Legacy Funding and will ultimately inform WMGC's Business Plan.
- 2.1.7. Note and discuss the progress in developing a framework of Objectives & Key Results, and note the further work that is being undertaken to determine thematic objectives, deliverables and specific leading and lagging indicators.
- 2.1.8. Note that WMGC has submitted a proposal for an additional £10.7m from the Legacy Fund to fund the *Global West Midlands* Investment and Tourism Programme over the next two years and that this will be considered on a separate item on the agenda.
- 2.1.9. Note that WMGC will achieve efficiency savings amounting to a 10% - 15% reduction in the regional workforce/ 3rd party costs over the course of the year on the *core* activities.
- 2.1.10. Agree that identification of long-term sustainable funding for the WMGC, to support the scenario that is agreed by WMCA Board in March, is returned to in early 2023/24 and recommendations are brought forward to EGB for consideration in due course.
- 2.1.11. Endorse proposed changes to membership of the WMGC Board, specifically: that the Board should be expanded so that each Local Authority is represented on it; and that private sector membership should be reviewed when terms of office come to an end to ensure Directors have the right suite of skills and experiences aligned to WMGC's future focus – noting that these changes will be for WMGC Ltd to enact.
- 2.1.12. Agree that from 2023/24, EGB should agree WMGC's annual business plan including its objectives and key results and that it should receive quarterly performance reports on it from WMGC.
- 2.1.13. Approve proposals to strengthen engagement with the Local Authorities and WMCA at political and officer levels and agree that partners identify named senior officers and councillors by correspondence with the WMGC.
- 2.1.14. Note the ongoing work to clarify roles and responsibilities, and handovers across programmes of activity, across WMGC, WMCA and Local Authorities.

3. Background

- 3.1 At its meeting in September 2022, the EGB commissioned a review of WMGC's functions, funding and governance with the purpose of making recommendations to the EGB, and the WMCA Board, on the future scope, scale and sustainable funding of activity of the WMGC.
- 3.2 There are three key elements to the review:

- I. Functions - what do we require the WMGC to do that adds value to LA and WMCA activities;
 - II. Governance - what is the right governance model for the WMGC; and
 - III. Funding:
 - a. Phase 1: how does the region provide assurance for the WMGC as a going concern for 2023/24; and
 - b. Phase 2: what is the right sustainable funding model for the WMGC.
- 3.3 The Review is being overseen by a Sponsors Group of the EGB Board Chair, Mayor and Chair of the WMGC. It is led by a leadership team of the WMCA Chief Executive, Chief Executive of the City of Wolverhampton Council and Chief Executive of WMGC. Support is being provided by the WMCA, City of Wolverhampton Council and WMGC, working in conjunction with Directors of Economic Development and the West Midlands Financial Directors.

4. Review outcomes to date

- 4.1. The focus of the Review prior to Christmas was on Phase 1 of the Funding element i.e. the region providing assurance for the WMGC that it would be a going concern for 2023/24.
- 4.2. This element was completed when the WMCA Board approved the £4m regional allocation for the WMGC for next financial year at its meeting on 16 December 2022. This comprised of funding from the WMCA's core budget (£700k), UK Shared Prosperity Fund (£1.6m) and Commonwealth Games residual contingency funding (now referred to as Legacy Funding) (£1.7m).
- 4.3. When combined with £1.9m of commercial and other funding that the WMGC expects to generate, this means that the WMGC has a budget of £5.9m confirmed for the next financial year.

5. Current phase of the Review

- 5.1. The next phase of the Review has focused on functions, governance and identifying the optimum financial envelope for WMGC going forward.
- 5.2. A number of scenarios for the future of the WMGC have been developed for consultation. Whilst the Terms of Reference for the review make it clear that this work starts from the basis that the region needs a Growth Company, the scenarios work does not pre-suppose this; rather, it includes all possible options.
- 5.3. The Review therefore considered six scenarios across four headline options (dissolution, reduction, consolidation and growth) and the implications for WMGC's operating and governance models accordingly. Further details are available at Appendix 1.

Realising Global West Midlands

- 5.4. At its meeting on 20 December 2023, the Sponsors Group considered all the scenarios and agreed that "Scenario 5 – Consolidation" was its preferred option for consultation.

- 5.5. This Scenario is termed "consolidation" because it proposes to consolidate and streamline WMGC's funding at 2022/23 levels, but it is not about delivering more of the same – rather about realising the ambition for *Global West Midlands*. This builds upon the learning and progress made with the Business & Tourism Programme (BATP) and is a key pillar of the region's trailblazing devolution deal proposals regarding trade & investment.
- 5.6. This scenario assumes the continuation of current levels of funding, i.e. c.£12m p.a., made up of £4m of regional funding, c£2m commercial and sponsorship income and £6m from other sources. This is in line with the "in principle" decision of the Economic Growth Board in May, subject to the availability of funding.
- 5.7. This level of funding would enable a new programme of activity to be built from the ground up to take account of prevailing global economic headwinds and current local and regional assets, opportunities and delivery priorities.
- 5.8. As well as doubling down on pipeline conversion to fully maximise the economic legacy of the Games and the halo effect of the subsequent two years, the impact of this funding allows WMGC to run a full programme of international promotion in key markets identified in the International Strategy. This would also help to maximise the economic impact of other major sporting and cultural events that take place in the region.
- 5.9. It is estimated that this level of investment could yield 2,000 leads of which 138 will be converted to project wins, generating £277m in GVA over a two-year period, as well as delivering a pipeline of further investment and event leads to be realised in future. Further detailed work would need to be undertaken to confirm specific targets once priorities and the balance of activity have been agreed, which will also need to reflect the economic context at the time.

6. Outcomes from the consultation on future scenarios

a. Consultation Status Update

- 6.1. At the time of writing, initial consultation has been undertaken with senior Local Authority officers from the seven Mets and also the WMCA Executive. Met Chief Executives have also been kept informed of progress of the Review at their regular meetings by the Chief Executive of the City of Wolverhampton Council. Engagement has started with politicians, either via meetings with the WMGC or briefings from LA Chief Executives but this has not yet concluded. The WMGC Board has also been consulted at a special Board meeting on 17th January 2023.
- 6.2. Engagement with universities as WMGC shareholders and other partners, including Business Representative Organisations will commence shortly.
- 6.3. What is set out below is therefore the emerging picture from the consultation undertaken to date. The following is drawn out:

- Areas where there is clear consensus and where it is felt appropriate to put a recommendation to EGB seeking their approval, ahead of consideration by the WMCA Board in March.
 - Areas where further work and/or consultation is required. Views from EGB Members may be sought here and/or a process outlined for reaching agreement ahead of the March WMCA Board so that a recommendation can be put to that meeting.
 - Issues which will require further time post March to be concluded.
- 6.4. The rest of this section outlines the emerging position in relation to the future model of the WMGC, with a particular focus on issues relating to: Functions, Outcomes & Impacts, Funding and Governance, with elements categorised as per the points set out in the above paragraph.

b. Scenario for the WMGC's Future Model

- 6.5. In the consultation meetings undertaken to date, details of each of the scenarios and the potential impacts have been outlined. The preferred scenario of the Sponsors Group and its specific component parts has also been highlighted.
- 6.6. Initial feedback has been supportive of Scenario 5, i.e. consolidating the current funding envelope of £12m p.a. and re-focusing activity on current regional and local priorities and the economic context of the region.
- 6.7. It is recognised that further discussions, in particular with politicians, are required before a recommendation for this scenario to be adopted can be put to the WMCA Board in March. Views of EGB Members are sought at this meeting and then further engagement will be undertaken over the next few weeks. The output will be presented to the Mayor and Met Leaders Meeting on 3rd March 2023 with the aim of a recommendation being put to the WMCA Board.

c. Functions & Geography

i. Headline Functions

- 6.8. Feedback from the consultation undertaken to date has been that there is a clear rationale and support for the WMGC continuing to be an **investment promotion and a destination management organisation**. Given the inter-related nature of these activities, and the fact that successes in one area often lead to benefits in another, this is felt to be the optimum approach to building and converting a pipeline of investments, conferences, events and visitors. This would mean continuing to undertake the core suite of functions as shown in the table below.

Function	Description
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Business Attraction	Investment promotion and investment facilitation – building the region’s investment propositions, actively selling them in key markets, and managing the pipeline of enquiries to turn leads into landings.
Capital Attraction	Working with local authorities to help shape and take investable opportunities to the right markets at the right times , in order to secure significant capital investment in infrastructure and regenerate communities.
Visitor Attraction	Working with travel trade to create bookable products , developing and delivering domestic and international marketing campaigns to promote the region as a visitor destination, and route development .
MICE	Raising the profile of the region as a destination to host world-class sporting, cultural and business events, and bidding to win high-priority events

- 6.9. The Review has though highlighted that the relative size of the functions must reflect local and regional priorities (see paragraph 6.17 and 6.18 below), recognising that if some areas are upweighted then there will need to be trade-offs.
- 6.10. Beyond these functions, there is support for other key aspects of WMGC’s role to continue, specifically identifying opportunities to **establish partnerships of public, private and academic institutions to realise major, gearshift opportunities**; providing **research and insight**; and **marcomms** support.
- 6.11. The Review has also underlined the importance of the region strengthening its relationship with its strategic employers to support them to remain and grow within the West Midlands. Currently only a small number of our ‘top 500’ businesses have any engagement with the public sector. It is therefore proposed that **Strategic Relationship Management (SRM)** is taken on as an additional function by the WMGC to be delivered within a consolidated funding settlement, and by working closely with Local Authorities. The exact details of how SRM would work in practice need to be determined, but agreement to the principle of establishing it is sought.

ii. Functional Economic Geography

- 6.12. WMGC currently operates across the three Local Enterprise Partnership (LEP) geography, encompassing the Black Country, Greater Birmingham & Solihull and Coventry & Warwickshire. With the integration of LEPs into the WMCA from April 2023, this footprint needs to be revisited.
- 6.13. Whilst the logical next step from a statutory footing would be for WMGC to start to operate across the seven Met geography, this approach would ignore the inter-connected economies of neighbouring LAs with the wider conurbation, e.g. Coventry and Warwickshire’s functional economic geography; City of

Wolverhampton and South Staffordshire Borough Council, particularly around i54 and the non-constituent members from Worcestershire and Staffordshire and their links with the Mets.

- 6.14. Some of the implications of this issue are wider than those pertaining to WMGC's role and remit and will therefore need to be addressed outside of the Review. However, resolution on WMGC's geographical focus / working arrangements is needed going forward.
- 6.15. Discussions on specific elements of this, particularly the relationship between WMGC, Coventry City Council and Warwickshire County Council have started and it may be possible to recommend a way forward at the WMCA Board in March. Other elements will require more detailed discussions which will take some time.

iii. Local and Regional Priorities

- 6.16. As part of its consultation with the WMCA and with the Local Authorities, WMGC has worked with its partners to identify regional and local priorities and determine how WMGC can support their delivery. These priorities have informed a set of projects and programmes for WMGC which will be its focus in 2023/24 and 2024/25 *if* Scenario 5 is agreed as the preferred model going forward and *if* sufficient additional funding is secured. These projects and programmes are set out in Appendix 3, and a brief summary is provided below of the latest position.
- 6.17. WMGC will **deliver for the region** by:
- maximising the B ATP pipelines by delivering **in-market and virtual events**, and **in-region familiarisation visits**
 - expanding the **Global Growth Programme** (soft landing support for high growth, innovation-led SMEs) to Coventry and Wolverhampton
 - creating an online **Industrial and Office Sites Promotion Programme**
 - leading the development of the West Midlands International Strategy, which will form the basis of the **Global West Midlands campaign**, delivering international missions and a significant presence at events in priority markets
 - Managing **strategic relationships** with the region's top 500 strategic firms
 - Renewing our **investment and visitor propositions**, highlighting key local assets
- 6.18. WMGC will **deliver local priorities** by:
- Enabling the identification and delivery of **innovation-led "gearshift" projects**, such as Our Future City Plan (Birmingham), Coventry's vehicle electrification and smart mobility ambitions, the Health Innovation Campus in

Arden Cross in Solihull, the Green Investment Corridor in Wolverhampton and opportunities around energy and battery storage farms in Sandwell

- Delivering the **Investor Showcase Programme** that will bring together developers and investors so that they can understand more about the opportunities that exist in local areas e.g. in Walsall, Dudley and Sandwell
 - Enabling an increase in **hotel provision** across a number of the LAs, including Birmingham, City of Wolverhampton and Dudley
 - Continuing the **Public Sector Relocations Programme**
 - Leveraging the region's innovation strengths by creating a **cross-sector innovation narrative** and exploiting the FDI potential of **Innovation Accelerator** projects; and **using innovation as a driver of transformation** (e.g. the collaboration between Dudley MBC, Black Country Innovation Manufacturing Organisation, WMG, University of Warwick and the MTC which WMGC has helped to catalyse through its contacts with the academic and private sectors)
 - **Growing the visitor economy** by maximising the impact of renowned attractions such as the Merlin Group's Legoland Discovery Centre, Cadbury World and The Herbert Art Gallery; exploiting the opportunities presented by new and under-utilised attractions such as the Sandwell Aquatics Centre and Walsall's New Art Gallery; supporting boutique attractions including the Leather Museum, the Pen Museum, Red House Glass Cone and The Barber Institute; and growing demand for experiences including urban boating and kayaking, walking tours, cookery and home share opportunities on platforms including Airbnb.
- 6.19. Detailed work is now underway with Local Authorities and WMCA to agree the exact role of WMGC, critical success factors etc. for each of these priorities. This information will be used to develop the annual Business Plan for WMGC.
- 6.20. As set out in paragraph 6.9, local and regional priorities need to inform resource requirements of WMGC and therefore the balance of functions. It is clear from our discussions with partners that our activity in capital attraction needs to be upweighted. It is therefore proposed to add a small number of people to this team. Efficiency savings (see below) and reductions across other areas of the business have enabled this increase.

d. Outcomes and Impacts

i. Metrics

- 6.21. From its creation, the performance of WMGC has been evaluated on the basis of a relatively narrow range of high-level metrics such as the number of investment projects it has landed, the number of new jobs created and the GVA generated by these projects. Economic impact is measured in line with the Department for International Trade's own performance management framework.

- 6.22. Over the course of the WMGC Review, it has become clear that partners are seeking a new approach to measuring WMGC's performance – one that is more clearly linked to the delivery of local and regional priorities so that partners can clearly see what is being delivered in their area, takes into account both leading and lagging indicators, and demonstrates impact for local businesses and residents as well as regional strategic priorities. It will also need a greater degree of nuance regarding the extent of WMGC's involvement in project wins.
- 6.23. A service catalogue is being developed which will include all programmes and projects, describing the activity aligned with overall agreed business objectives and deliverables. This will give clarity to what is in, and out of scope but also support performance management against KPIs, and visibility of the activities required to meet targets.
- 6.24. Whilst there will be a strong focus against delivering local and regional priorities, it is not intended to create eight service level agreements. Instead, the proposal is to develop one against which performance can be measured by the WMCA and all the Mets. This will draw out local expectations by focusing on the specific inputs and outputs required to take them forward, but also enable cross boundary impacts to be measured in conjunction with other actors in the economic development ecosystem. This will likely require that priorities are grouped together to maximise the impact of a given set of outputs.
- 6.25. WMGC has begun to develop a new high-level framework of objectives and key results, which sets out both leading and lagging indicators, and how WMGC can add value to regional strategic priorities (such as green growth). The draft framework is available at Appendix 2.
- 6.26. WMGC is currently evolving this further to demonstrate how its functions will enable the delivery of local priorities, through which specific outputs, and how performance will be measured. This is also available at Appendix 2.
- 6.27. This is work in progress, and further work is required to develop the objectives in line with local and regional priorities; develop a programme that will deliver those priorities, with key activities captured as "outputs"; and to put specific, measurable leading and lagging indicators in place.

ii. Cross-boundary impacts

- 6.28. Not all parts of the regional economy have the material conditions to benefit from all of WMGC's work in the same way, at the same time; for example, not all Metropolitan authorities can secure significant FDI in the short-term. However, investment facilitated by WMGC can create supply chain and employment opportunities across the region, if firms and people are given the right support at the right time. Similarly, some Mets are better positioned than others to attract major transformational capital, conferences and events, and tourists.
- 6.29. While WMGC may not be able to directly deliver these benefits, it is clear that a more collaborate approach can ensure that investment in one part of the region can have spillover benefits in others; but realising those benefits will require concerted collaboration across the region and real clarity on the roles and responsibilities of respective partners.

e. Funding

i. Legacy Funding Proposal

- 6.30. The Commonwealth Games Legacy Fund presents the most tangible opportunity for increasing the WMGC's budget over the next 2 years and thereby fully exploiting the pipeline built up by BATH and the halo effect of the Games.
- 6.31. A programme of investment and tourism activity has been developed based on delivering against local and regional priorities (see Appendix 3). The funding request is outlined in detail on another item on this agenda. In headline terms, in order to support the delivery of regional and local priorities, WMGC has forecast that it needs an overall budget of £10.5m in 2023/24 and £12.0m in 2024/25.
- 6.32. With £5.9m already secured (£4m regional allocation which comprises £700k core funding from the WMCA, £1.6m from UKSPF and £1.7m from Legacy Fund) plus £1.9m of commercial and other costs) an additional £4.6m of Legacy Funding is being sought for 2023/24 and £6.1m in 2024/25 giving a total ask of £10.7m over the 2 years – excluding the £3.4m included in the funding already approved.
- 6.33. The level of the 2023/24 request reflects the fact that the main focus of the business for next year will be on landing the significant pipeline that has been built up through BATH so lead generation and international sales missions will not be required at the same level. In 2024/25 pipeline development work will be increased to generate leads for the future and therefore additional costs will be required. It is also expected given approval timelines, some of the programme will begin in earnest in Q2, which has impacted on spend profiles.
- 6.34. It should be noted that the Trailblazer Devolution Deal Trade and Investment proposal includes a request for £6m p.a. to enable the delivery of the *Global West Midlands* programme. If this funding was secured then additional Legacy Funding would not be required, but it is not considered likely at this stage. The continuation of some funding for Key Account Management is also requested. If agreed, this would match-fund the resource the region is putting into Strategic Relationship Management through the overall budget envelope mentioned above.

ii. Efficiencies

- 6.35. WMGC is undertaking and will continue to undertake ongoing reviews of efficiencies. There are opportunities across the region to collaborate, find synergies and opportunities for handovers, and improve processes that will increase benefit and value for money.
- 6.36. The current key high-level areas for review in Q4 22/23 are set out in the table in Appendix 4. Once identified as an efficiency saving (time, cost, quality), then a detailed implementation plan will be shared with expected outcomes through SMART Objectives and KPIs.

- 6.37. Other areas will be identified through collaboration with WMCA and the Local Authorities and will follow the same process.
- 6.38. These efficiencies aim to result in an overall 10% - 15% reduction in the regional workforce/ 3rd party costs over the course of the year on the *core* activities.

iii. Sustainable Long-Term Funding

- 6.39. If additional Legacy Funding is secured then this will provide WMGC with a two-year settlement. This would be hugely welcomed but it would not put WMGC on a sustainable financial footing which was one of the key elements of the Review's Terms of Reference.
- 6.40. Securing long-term funding is likely to require utilisation of fiscal tools currently available to the region (e.g. Business rates pool, Enterprise Zone receipts etc) and/or others granted through the Trailblazer Devolution Deal process, both of which will require significant work to develop proposals and to consult on them. It is therefore proposed that this issue is addressed in 2023/24 as part of a Phase 3 of the Review.

f. Governance

- 6.41. WMGC Ltd is a Company Limited by Guarantee which is wholly owned by the WMCA and the seven Mets. It therefore benefits from the "Teckal exemption" which allows its local authorities to commission services from it directly without going to market. It has its own Board which is Chaired by the private sector and comprises of business, LAs, the WMCA and universities; but public sector company members retain overall control through the company's annual general meeting. The WMGC Board reports into the Economic Growth Board. The Portfolio Lead for Economy and the Chair of the Economic Growth Board sits on the WMGC Board. The WMGC Chair also sits on the Economic Growth Board to help ensure alignment of agendas.
- 6.42. To date there has been broad consensus from the consultation that the current governance model would be retained. There are clear benefits to it – WMGC is an independent body with its own Board; it adheres to strong and effective governance and financial structures but has a level of agility which means it can respond to market requirements. The Board's membership enables WMGC to benefit from the expertise of the public, private and academic sectors which enables it to deliver optimum outputs. As a Teckal company, it can be procured directly by its shareholders without a commissioning process, thereby saving the WMCA and LAs funding and time.
- 6.43. A number of changes have thought been identified to improve effectiveness, and to increase transparency and accountability. These have all been fully supported in the consultation undertaken to date:
- Membership of the WMGC Board:

- Each Local Authority should be represented on the Board by their Leader, relevant Cabinet Member, Chief Executive or senior Director level (membership to be determined by each Local Authority). This would mean that Sandwell and Walsall MBCs would be invited to take a seat on the Board.

This change would create an enlarged Board. To ensure this does not impact on the Board's effectiveness, work will be undertaken with all Board Members to consider roles and responsibilities etc.

- Private sector membership should be reviewed when terms of office come to an end to ensure Directors have the right suite of skills and experiences aligned to WMGC's future focus; and that the Board is inclusive and diverse.
- The relationship with the EGB should be strengthened i.e. EGB would be asked to agree WMGC's annual business plan including its objectives and key results. The WMGC Board would be responsible for overseeing the delivery of the plan but performance against would also be reported on a quarterly basis to the EGB, via the Directors of Economic Development.

g. Ways of working

- 6.44. The review process has demonstrated the need to build on the current quarterly engagement with WMCA and each of the Metropolitan authorities. The following is proposed:
- Quarterly engagement with a named senior officer at WMCA and each Local Authority. These meetings will be led by WMGC's Director of Policy & Partnerships, with workstream leads in attendance according to agreed priorities.
 - Quarterly engagement with the Mayor / Leader / Cabinet member at WMCA and each Local Authority as appropriate. These meetings will be led by WMGC's Chief Executive.
- 6.45. It is envisaged that these quarterly meetings will be to report performance against agreed priorities and to look ahead to forthcoming deliverables across all workstreams. As part of this change, WMGC recognises that some Local Authorities may also want to streamline engagement with the WMCA and WMGC into one meeting and will endeavour to facilitate this.
- 6.46. In addition, WMGC will offer bi-annual strategy and planning sessions and a year-end review with WMCA and each Local Authority to review performance, ensure delivery plans are aligned, and explore opportunities for efficiencies, synergies and added value. This will be increasingly important post-LEP Integration as new ways of working are established across the region.
- 6.47. Closer and more structured working with the WMCA will also be achieved through regular attendance and reporting at Strategic Leadership Team meetings

and workshops on key issues where greater collaboration and sharing of knowledge and networks can achieve improved results.

- 6.48. WMGC will also endeavour to ensure that workstream leads spend more of their time based at WMCA and Local Authority offices, and extend the invitation for colleagues across the region to hot desk at WMGC's offices in Birmingham.
- 6.49. As part of the Review, WMGC has begun to explore with WMCA and local authorities roles and responsibilities for each function. This includes the potential for "handovers" e.g. at parts of the inward investment lifecycle as well as functional areas such as capital attraction and research & insight. This will help to ensure there is no duplication and improve efficiency and effectiveness. This work is ongoing, but the intention is to conclude it swiftly so there is greater clarity on roles and responsibilities from the start of the next financial year.

7. Next Steps

- 7.1 Whilst there has been a lot of work to get the Review to this current point, there is much more to do ahead of the March WMCA Board and beyond to ensure the region is set up for success in terms of investment and tourism activity. This report sets out the immediate actions in relation to consultation and engagement but also those issues that will be addressed in the next financial year. Given the complexity of the organisations involved and of the regional architecture, a number of issues will take some time to fully resolve.

8. Financial Implications

- 8.1. This report refers to the optimum funding envelope for the WMGC going forward. It is recognised that this is subject to sufficient resources being available. EGB is not being asked to consider any specific financial recommendations as part of this report. However, there is a separate item on the agenda relating to Legacy Funding which will consider proposals from the WMGC which reflect the contents of this paper.

8. Legal Implications

- 8.1. There are no immediate legal implications as a direct result of this report.

9. Equalities Implications

- 9.1. There are no immediate equalities implications arising from this report.

10. Inclusive Growth Implications

- 10.1. The focus of WMGC's future activity will support the delivery of the region's inclusive growth ambitions. For example, WMGC's inward investment activity will

create new employment opportunities for local people across the region – both directly and indirectly through supply chains; capital investment activity will focus will be on new, brownfield development and the refurbishment and repurposing of existing assets in line with local priorities. Ultimately, this work will improve the living conditions of local residents, drive economic uplift through new investment and champion a more sustainable future landscape for the region; and activity to promote the West Midlands visitor economy domestically and globally, drive visitor footfall across local authority areas, sustaining local businesses, materially improving perceptions of these destinations, promoting cultural and social wellbeing and fostering the civic pride of citizens. It will target major events, conferences and sporting federations which will deliver social and economic benefits to businesses and residents and support the region’s sporting, cultural, events and hospitality supply chain.

11. Geographical Area of Report’s Implications

- 11.1. The report primarily covers the seven West Midlands Combined Authority metropolitan areas but there are geographical implications for WMGC’s footprint that need to be resolved as outlined in the report.

12. Other implications

- 12.1. None.

Appendix 1: WMGC Review scenarios

Six scenarios are being consulted upon as follows:

Dissolution	
Scenario 1	Dissolve WMGC with functions left to national Government and the market
Scenario 2	Dissolve WMGC with functions delivered through WMCA and local authorities
Reduction	
Scenario 3	WMGC reduces the number of functions that it delivers and has a smaller budget.
Scenario 4	WMGC continues to deliver existing functions but has a smaller funding budget (two options are provided here – of £5.9m (the total budget available from a £4m regional contribution) and £9m. Further options can be developed to illustrate the impact of other funding envelopes.
Consolidation	
Scenario 5	The current WMGC funding envelope (£12m) is consolidated with activity re-focused on meeting local and regional priorities and responding to the current economic context.
Growth	
Scenario 6	WMGC delivers additional functions for the region.

Options in relation to the operating model and governance are also being considered:

Operating Model
All activity delivered through WMGC Ltd
Back office delivered by the WMCA or a local authority
Governance Model
Status quo with increased transparency and accountability
Changes to the company member model e.g. to Board representation
Changes to the company structure e.g. remove Teckal status; become an informal partnership

The pros/cons; financial implications; risks and timelines for implementation for each of the scenarios and options were identified and informed by international best practice, feedback from Functions Workshops undertaken with Local Authorities (LAs), work to inform a business case for £4m of regional funding and initial analysis of areas for financial efficiencies.

Appendix 2 – Objectives & Key Results framework

	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	Market signals - website and social media traffic, leads generated from events and sales missions						✓	Google analytics, media tools, WMGC CRM
	Perceptions shift - awareness, +ve/-ve sentiment and active consideration of the region's value proposition (i.e. as a place to invest in, organise a conference or event in or to visit)					✓	✓	Perceptions research with key audiences in our target markets
	Pipeline - leads converted to active opportunities, opportunities won/landed (i.e. inward investment projects, capital investment projects, MICE/sporting events attracted, business recruited to the Partners West Midlands programme, travel trade ready/bookable tourism products created, key strategic firms recruited to our account management programme)					✓	✓	WMGC CRM
Lagging indicators	Jobs created by opportunities won/landed							WMGC analysis
	GVA/economic impact generated by opportunities won/landed							
	Visitors attracted by tourism activity					✓	✓	Visitor surveys and STEAM model
	Economic impact of visitors attracted							
Strategic added value - cross-cutting themes/shared objectives	Jobs created by visitors attracted							
	Clean/green growth	Capital investment in low carbon real estate/infrastructure						WMGC CRM
		Attraction of key low carbon inward investment projects						Case study development
	Boosting productivity	Attraction of investment projects in high productivity sectors						WMGC CRM
		Closing the productivity gap in different areas of the region						Case study development
	Creating high quality jobs	Volume - jobs created per investment project attracted						WMGC CRM
		Value - attraction of key investment projects creating highly skilled/well paid jobs				✓	✓	Case study development
	Enhancing the region's value proposition	investors, globally important conferences and events, development of new infrastructure, real estate, cultural assets etc, helping to achieve perceptions shift and shift awareness, sentiment and consideration metrics						Case study development
Supporting the growth of the region's business base	Increasing confidence and positive sentiment among the region's top 500 businesses						Chamber, CBI, IoD, PMI surveys	

Objectives (based on identified priorities)	Alignment with WMGC service (s)	Headline outputs		Leading indicators	Impact/lagging indicators
Plan for Growth cluster development	Marcomms, Business attraction	Targeted marketing and comms campaigns	Sector propositions; sales missions	Web and social media traffic; perceptions shift in target markets; leads generated and converted to opportunities	FDI and UK investment projects; jobs and GVA
Regeneration of the Black Country	Marcomms, Capital attraction		Investor workshops; Investment Prospectus; MIPIM and UKREIIF		Capital investment projects, £ value and GVA
Attract major events and visitors to the region	Marcomms, Visitor attraction, MICE, sporting events		Prioritised target list; bids; sales missions		Events secured; visitors attracted; economic impact

Appendix 3

WMGC's proposed focus for 2023/24 and 2024/25 based on regional and local priorities

1. Delivering for the region

A strong focus for 2023/24 is about ensuring that there are sufficient resources in the region to **fully exploit the pipeline of leads** from the Business and Tourism Programme (currently nearly 2,300), thereby bringing significantly more investment, events and jobs into the region and maximising the economic legacy of the Games.

Activity will include **in-market and virtual events; targeted investor, event buyer, tour operator and sporting federation meetings; and in-region hosting and familiarisation visits** to key pan-regional sites, venues and facilities with the aim of meaningfully engaging with potential investors/developers/buyers/trade bodies and converting leads into landings.

Cross-region collaboration will be key to identifying premises to house new investors and to ensure that they have a soft landing. Our proposal includes a plan to expand the **Global Growth Programme** into Coventry and Wolverhampton in order to attract high growth, innovation-led small enterprises in our key sectors and to provide wrap-around support.

Our Industrial and Office Sites Mapping and Promotion Programme will identify current, short-medium term office and industrial sites and strategic employment sites available to potential investors. This online tool will provide an easy-to-access 'shop window' showing available sites and locations and their proximity to cluster/innovation assets.

Hosting the Commonwealth Games has put Birmingham and the region firmly on the map for hosting high-profile sporting events. A **strong pipeline of possible future sporting events** has been developed. Hosting these international federations and rights holders so that they can experience our cultural and tourism offer and visit venues with the capability of hosting their sporting will form a key part of our strategy to convert these opportunities.

Our **Conference Ambassador Network** will be key to landing events on our pipeline. We will seek to grow this network by recruiting more academics and business leaders from our key target sectors and from across the geography to help us promote our bids. Our **Convention Bureau** will continue to support this activity, ensuring that organisers and delegates receive the best possible experience, and that venues and partners can increase commercial revenue opportunities.

Through this proposal we will strengthen our dedicated and continuous **communications and promotion service** surrounding each LA area, which will aim to continue to positively shift perceptions of each area, positioning LAs as the rightful beneficiaries of new investment, major events, talent, amenities and visitors.

Whilst a key focus of our activity, especially in 2023/24, will be converting current leads into landings, it is also important that we continue to **increase visibility of the West Midlands internationally**, curating a positive image of the region and its many assets and opportunities. Strong relationships with investment intermediaries and tour operators in target overseas markets allows direct reach to potential investors and visitors, visitors which contributes to addressing outdated external perceptions and to **build our pipeline**.

We will undertake a **Global West Midlands Campaign** which will focus on a small number of high-priority markets identified through the West Midlands International Strategy. We will work with partners to deliver **international missions with a significant presence at both overseas and domestic events** to promote investment opportunities and the potential to host business conferences and events. These missions and event attendance will be backed by refreshed investment narratives that **showcase local and regional priorities**.

This activity will support the establishment of new relationships with investors, developers, event buyers, travel trade and sporting federations.

Through this pipeline development, we will work with LAs and our partners to maximise the potential of **well-established conference venues** such as the ICC and NEC. We will also seek to **build the offer** in other areas, for example by establishing Wolverhampton and Coventry as regional locations for business events.

Our proposal sees WMGC continuing to work with partners to create and promote a **compelling visitor proposition**. We will continue to engage with the travel trade through sales missions, delegate hosting and product development. A key element of this will be developing more **bookable products** that enable the West Midlands' leisure offer to be sold by tour operators to the benefit of local businesses, for example with the Black Country Living Museum, St Mary's Guildhall, The Halls and The Roundhouse.

Visit Britain (VB) has endorsed our proposal to become an accredited **Destination Development Partnership (DDP)** for the region. This would enable us to continue to work with VB and their international teams to the benefit of the regional visitor economy, connecting local authority and DMO partners with robust research, data, insight and capacity building, to help develop local destination plans for Wolverhampton and elsewhere.

We will also work with stakeholders to open up more **direct flights** to and from Birmingham Airport, for example in Indian and North American markets.

WMGC will work with LAs to establish a **Strategic Relationship Management** programme to engage with the 'top 500' employers in the region.

We also intend to grow our commercial partner network, **Partners West Midlands**, so that it better reflects our key sectors and has a fuller geographical coverage. Combined with our relationships with strategic employers and universities, it will enable WMGC to provide the region with current insight on the opportunities and challenges they face.

2. Delivering Local Priorities

LAs have identified a number of "**gearshift**" **interventions** which will have a major impact on the local area and the wider region. WMGC will help to support the delivery of these in a number of ways, for example by bringing together partners from across the private, public and academic sectors to drive them forward. Examples of these projects include Our Future City Plan (Birmingham), Coventry's vehicle electrification and smart mobility ambitions, the Black Country Innovation Manufacturing Organisation, the Health Innovation Campus in Arden Cross in Solihull, the Green Investment Corridor in Wolverhampton and opportunities

around energy and battery storage farms in Sandwell. Further discussions will be had with LAs to identify other significant opportunities.

Discussions with LAs on their priorities has highlighted the importance of capital attraction. We are therefore proposing to upweight resource in this area so that we have **more capacity to increase the flow of capital** into the West Midlands in order to meet the growing demand for more homes, transport infrastructure and new employment space for people and businesses across the region.

LAs have highlighted their priorities in this space in relation to **sites** (such as West Bromwich Town Centre, Sandwell residential sites, Birmingham private sector rented (PRS) sites and Wolverhampton Commercial Zone) and also **sectors**, for example town centre residential, affordable housing, commercial retrofit and low carbon. Our proposal is to grow our **Investor Showcase Programme** to identify and broker relationships with the right investment and development parties in order to bring forward new housing, commercial and employment products that meet the specific needs of each LA. This may be undertaken through **bi-lateral discussions** with investors and developers or through **workshops** where we would bring together interested parties so that they can understand more about the opportunities that exist, e.g. around Walsall, Dudley and Sandwell.

We are proposing to initiate a dedicated programme of activity to illicit **fresh investor market interest** in areas of the region which have hitherto seen limited demand. This will bring together a multidisciplinary panel of experts to identify thematic and sector-specific challenges and solutions, such as industrial decarbonisation and commercial retrofit bringing fresh insights to assist targeted promotion. This focus will complement the activity undertaken by the WMCA in relation to brownfield sites.

The need to increase **hotel provision** has been identified as a priority for a number of the LAs, including Birmingham, City of Wolverhampton and Dudley. We will work with LAs to undertake research to assess demand and viability and plan a targeted programme to attract new and additional operators to the region.

Our proposal will support the continuation of our **Public Sector Relocations Programme** which aims to strategically and proactively engage with Government departments, agencies and decision-makers to ensure that the region is fully considered for upcoming opportunities. We will work with LAs to develop a pipeline of regional opportunities we can seek to deliver.

Exploiting our regional innovation strengths has come through as a theme for partners. We will create a **cross-sector innovation narrative** for the region that highlights the breadth of our world-class innovation assets to enable us to better leverage the significant scale of the offer and therefore support the acquisition of more high value investment. We will also seek to leverage the FDI potential of the **Innovation Accelerator** projects.

There are also significant opportunities in LA areas to use **innovation as a driver for transformation**. For example, the collaboration between the Dudley MBC, Black Country Innovation Manufacturing Organisation, WMG, University of Warwick and the MTC which WMGC has helped to catalyse through its contacts with the academic and private sectors. We would seek to foster more of these collaborations to drive growth in local economies.

LAs have identified growing the visitor economy as a key priority. Support that the WMGC will provide includes **maximising the impact of renowned attractions** such as the Merlin Group's Legoland Discovery Centre, Cadbury World and The Herbert Art Gallery; **exploiting the opportunities presented by new and under-utilised attractions** such as the Sandwell Aquatics Centre and Walsall's New Art Gallery; **supporting boutique attractions** including the Leather Museum, the Pen Museum, Red House Glass Cone and The Barber Institute; and **growing demand for experiences** including urban boating and kayaking, walking tours, cookery and home share opportunities on platforms including Airbnb.

We will also work with LAs and partners to increase the number of **overnight stays** amongst those who attend the NEC consumer and trade shows, the **strong stadium offers** of CBS and Utilita, **sporting events** at our football clubs and Edgbaston, and **experiences** such as Peaky Blinders nights at the Black Country Living Museum.



Appendix 4

Efficiency Reviews for Q4 2022/23

Area	Activity to be undertaken
1. Purchase / Procurement	Streamline processes to reduce handoffs and process approval time, reducing resource time
2. Internal assurance	Creation of a simplified assurance process for auditing and review to reduce resource and cost
3. How we engage stakeholders	Review current working practices to create a more streamlined and efficient engagement
4. Reporting type and cycle, systems and KPIs	Agree consistent dashboards and reporting packs in a structured reporting cycle – reducing time and resource. Automation and reduction in 3 rd party costs
5. Admin/Business support and role (including meet and greet, meetings, travel, templates etc)	Reduction of admin burden on delivery staff, freeing up resource time
6. Data Management and process (including data stewards)	Create a data strategy and plan to manage data – including cross shareholder data sharing agreements to reduce time and duplication. Automate where possible.
7. Synergies (process handoffs – detailed processes) internal and external	Map regional processes, lifecycle management and handoffs to avoid duplication and resource burden. Automation where possible.