

A ROADMAP FOR BUSINESS GROWTH

FINAL REPORT OF THE BUSINESS
COMMISSION WEST MIDLANDS

WITH THANKS TO



FOREWORD:

**MARK TAYLOR,
CHAIR, BUSINESS
COMMISSION
WEST MIDLANDS**

The final report of the Business Commission West Midlands is the culmination of months of engagement with the region's business community. The Commission was set up in order to create a blueprint for business growth as local firms emerge from an extraordinary period of change demonstrating remarkable resilience. Geopolitical tension, post-Covid 19 headwinds and the fallout from the energy crisis continue to impact local businesses and given this year we are expecting a General Election coupled with local and mayoral elections, it is the optimal time to champion the voice of business and put forward a plan that aims to put economic growth at the heart of the national and regional agenda.

Whilst we appreciate that regional and national authorities tend to have overlapping objectives, our blueprint has set out a series of clearly delineated asks for local, regional and national actors that have the tools required to enable business growth across our region. The recommendations in this report are not exhaustive, are very much business led and where appropriate, align with the wider asks put forward by the British Chambers of Commerce.

While the report outlines over 90 recommendations in total, there are three golden threads that run throughout our analysis and asks to stakeholders:

- **The public funded business ecosystem is too fragmented, complex and ambiguous for businesses to effectively navigate.** Greater coordination between agencies and authorities at regional level and enhanced devolution offers a real opportunity to shift the dial, create longer term, simpler structures and support aligned to local business needs.
- **Businesses need to see a sense of urgency and ambition.** The issues outlined are already hampering growth and risking the UK falling behind in our international competitiveness or missing opportunities to lead the field in emerging industries.
- **We need to create the conditions for businesses to upscale and grow at every stage of their journeys** – whether that is start-ups, scale ups or existing large and multinational players. The recommendations in this report aim to create that underpinning environment, a roadmap for business growth.

Whilst we recognise the importance of attracting new businesses to the region, we also need to have the right structures in place across areas such as skills, employment land and technology in order to help our existing businesses expand and grow. This is just the start of the conversation – we understand that it takes time to implement meaningful change and we will look to share our findings with key local, regional and national stakeholders and review progress on this journey one year from now.



FOREWORD: WEST MIDLANDS COMBINED AUTHORITY (WMCA) AREA CHAMBERS OF COMMERCE

The three Chambers of Commerce across the West Midlands Combined Authority occupy a unique position in this remarkable region - we represent the interests of thousands of businesses and play a vital role in ensuring their voice remains at the heart of regional and national economic plans. We also work to support businesses, building the best possible environment for them to succeed. The Business Commission West Midlands has been a mass engagement exercise aimed at articulating the changes that businesses want to see from local, regional and national actors in order to unlock growth.

The Commissioners have put forward recommendations which are grounded in pragmatism and present opportunities to reverse stagnant growth levels and build towards a more prosperous future. It has been created for, with and by the region's business community. We would like to thank the Commissioners for their valuable insight in ensuring our recommendations were framed around real-world business needs and our Advisory Panel for ensuring that we adopted a robust methodology at every stage of the process.

Finally, we would like to thank the businesses who provided evidence and whose engagement, insight and ambition sits at the heart of the Commission. We look forward to working with you, the wider business community and our local and national stakeholders, to make this roadmap a reality and drive business growth.



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CORIN CRANE

CEO, COVENTRY &
WARWICKSHIRE CHAMBER OF
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THE ROLE OF CHAMBERS OF COMMERCE:

Chambers of Commerce are independent not-for-profit business organisations that exist for, and because, of their local business communities. Collectively, the WMCA area's three Chambers of Commerce represent over 4,000 members ranging from start-ups to multinational corporations and employ over 180 staff. Their histories extend back over two centuries. They are deeply embedded in the socio-economic fabric of the region facilitating business opportunities, learning and knowledge sharing between organisations large and small, public, private and education sector, and across an array of areas including innovation, international trade, net zero and skills. This report focuses on recommendations for stakeholders, however the Chambers will also use the findings of the Commission to shape our work with businesses across:

- Peer to Peer Guidance & Knowledge Exchange
- Expert Advice & Insight
- Network & Profile Building
- Support & Services
- Navigating the Business Ecosystem
- Connecting & Convening Public & Private Sector



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SUMMARY OF QUANTITATIVE ANALYSIS

432 businesses were asked a series of questions as part of the research which related to various elements of business growth – the surveying took place between 6th November and 27th November 2023. Please see below for a summary of the findings and how they are aligned with the original levers for growth that we set out in the Business Commission West Midlands (BCWM) Interim Report (International Trade, Net Zero, Innovation, FDI & Inward Investment, Artificial Intelligence) and the cross-cutting enablers for growth (cash & finance, built environment, people process and skills and the Business Ecosystem).

The first question focussed on factors which are likely to align with business activity over the coming 12 months and a second question sought to understand the areas in which businesses would like to see local and national stakeholders intervene in order to unlock growth in the region. A summary of the key findings is included below.

The Business Commission West Midlands explored perspectives on five levers for growth:

- International Trade
- AI & Digitisation
- Net Zero
- Innovation
- FDI & Inward Investment

And four cross-cutting enablers:

- Cash & Finance
- The Built Environment
- People, Process & Skills
- The Business Ecosystem

Alongside qualitative evidence hearing sessions and submissions from over 100 local organisations, the Commission surveyed local businesses for their perspective on

business activity over the coming 12 months and areas in which businesses would like to see local and national stakeholders intervene in order to unlock growth in the region.

Areas in which businesses would like to see local and national stakeholders intervene in order to unlock growth in the region.

Together with the findings from the evidence hearing phase of the Commission, these results have contributed to the recommendations outlined in this report which are underpinned by the insight and steer given by members of the Commission and Advisory Panel.

GOING GLOBAL: INTERNATIONAL TRADE

24%

of firms were expecting to increase levels of international trade over the next 12 months

61%

of firms felt that it was important to improve trading relations with the European Union and other key international markets

THE DIGITAL REVOLUTION: AI & DIGITISATION

52%

of firms were expecting to increase their investment in technology and artificial intelligence over the next 12 months

64%

of firms felt it was important to provide support for businesses in the use of Artificial Intelligence and industry 4.0 technologies

THE SEISMIC SHIFT: NET ZERO

42%

of firms were expecting to increase their investment in regards to reducing their carbon footprint over the next 12 months

61%

of firms felt that it was important to provide support for businesses to invest in net zero measures and transition away from fossil fuels

78%

of firms felt that it was important to ensure we have the energy resilience to meet future requirements

UNLEASHING INGENUITY: INNOVATION

36%

of firms were expecting to increase their investment in Innovation/Research and Development over the next 12 months

58%

of firms were planning on diversifying their products and services over the next 12 months

REGIONAL COMPETITIVENESS: FDI & INWARD INVESTMENT

18%

of firms were expecting to focus on attracting investments (venture capital, inward investment, foreign direct investment) over the next 12 months

ESSENTIAL ENABLERS: CASH & FINANCE

41%

of firms were expecting to increase their investment in capital expenditure over the next 12 months

48%

of firms were expecting an increase in their input costs over the next 12 months

65%

of firms felt that it was important to see a reform of the business rates system

72%

of firms felt it was important to improve business taxation models

ESSENTIAL ENABLERS: THE BUILT ENVIRONMENT

29%

of firms were planning to invest in office space and their premises over the next 12 months

45%

of firms felt that it was important to improve the availability of employment land and premises

70%

of firms felt that it was important to improve transport infrastructure

47%

of firms felt it was important to improve planning regulation

64%

of firms felt that it was important to adopt innovative methods of revitalising our high streets

ESSENTIAL ENABLERS: PEOPLE, PROCESS & SKILLS

49%

of firms were expecting to increase their headcount over the next 12 months

34%

of firms were planning on reviewing their supply chain resilience over the next 12 months

75%

of firms felt that it was important to cultivate closer relationships between education institutes and employers

ESSENTIAL ENABLERS: THE BUSINESS ECOSYSTEM

65%

of firms felt it was important to streamline business regulations

A full breakdown of the results and analysis can be found in the Appendix of this report which is available online.

STRENGTHS OF THE WEST MIDLANDS

As highlighted in the Business Commission West Midlands Interim Report, across the evidence hearing sessions, businesses were asked for their insights on the region's strengths and assets that should be built on to drive growth. The following factors were consistently highlighted:

- **Central Location:** the positioning of the region within the country offers huge economic benefits, particularly in terms of distributing goods, access to talent, and the global connectivity that Birmingham Airport offers.
- **A world-class education eco-system:** the region is home to a number of world-class universities and leading Further Education colleges which play an important role in shaping the workforce of the future.
- **A sense of momentum:** businesses cited a perception that the region has historically been underestimated but over the past decade has been on a significant upward trajectory, unlocking its latent potential through physical transformation and success attracting business investment.
- **A strong manufacturing heritage, established professional services sector and growing technology sector:** the West Midlands has globally renowned powerhouses such as Jaguar Land Rover, Mondelez and Rolls Royce and extensive supply chains operating in the region. The blossoming advanced manufacturing sector is also viewed as a huge asset along with the established professional services sector and growing technology sector.
- **Access to networks:** businesses expressed the view that it felt much easier to embed themselves in the fabric of the region compared to the likes of London; this in turn made it easier to access networks, stakeholders and policy makers.
- **Harnessing the role of the West Midlands Mayor:** many firms cited the importance of the Combined Authority Mayoral model in cultivating international investment, championing the region and the continued need for securing even more funding and powers from Central Government.



RECOMMENDATIONS FOR UNLOCKING GROWTH ACROSS THE WEST MIDLANDS

INTERNATIONAL TRADE

THE CHALLENGE:

The UK's departure from the European Union has led to additional cost pressures for a range of firms – particularly those citing the skills shortages which have been exacerbated by Europeans returning to their country of origin. Supply chain disruption and the practical difficulties in moving goods to Europe was also mentioned by a number of firms as a common theme amongst manufacturers and those operating in the visitor economy sector. A number of businesses registered concerns over the lasting impact of rising geopolitical tensions on global trade and expressed a desire to expand their overseas reach but lacked the relevant tools and knowledge to do so.

THE NEED:

UK needs to improve its trading relationship with the European Union and with key markets such as the USA in order to minimise the costs incurred by businesses. In addition, it is incumbent on the Government to produce a strategy which will help to minimise supply chain disruption and future risks. Both regional and national authorities can also work closely together to support local businesses with practical guidance and support on trading internationally.

THE INTERVENTION REQUIRED:

LOCAL AUTHORITIES

Bolster the international trade support offered by the Department for Business & Trade. Coordinate across the WMCA area's local authorities to utilise UK Shared Prosperity Fund resources, and coordinate approaches to calling for deeper devolution, to:

- Work with Business Membership Organisations (BMOs) to create an ‘international trade audit’ which would assess every facet of trade activity within an organisation in order to maximise overseas opportunities and help businesses effectively prepare for HMRC audits.
- Create an SME International Trade Fund – modelled on the Government’s former SME Brexit Support Fund. The fund would provide money for businesses to use on professional training and accessing practical support on trading overseas (focussing on both importing and exporting) in order to compliment the services on offer from the Department of Business & Trade.

REGIONAL AUTHORITIES

- Develop a West Midlands International Strategy in order to strategically target and focus resource on key markets and establish an effective framework for regional collaboration including:
 - Working with BMOs to effectively identify those local firms that have the potential to expand their international presence.
 - Working with BMOs and other key regional stakeholders to develop a fully rounded import and supply chain strategy with local businesses.
 - Using the Government’s ‘Race to a Trillion’ as its inspiration, create a region wide strategy which sets realistic and attainable targets for boosting export values in the West Midlands by the end of the decade – with a significant proportion being allocated to digital trade, green exports and other high potential growth sectors.

NATIONAL GOVERNMENT

- Continue to build upon ongoing engagement with the European Commission to create simpler and business-friendly guidelines on customs, rules of origin and other key trade issues.
- Finalise an agreement on VAT co-operation with the EU to reduce the number of UK companies that require fiscal intermediaries in the EU to conduct cross-border trade.
- Create a mutual recognition agreement on conformity assessments and markings on industrial, electrical and electronic goods in order to reduce the cost pressures firms continue to encounter.
- Continue to focus on signing new trade deals with key markets across Asia, the Indo-Pacific, Africa and the Americas with a particular focus on customs and regulatory co-operation in order to boost export opportunities for UK firms.

NET ZERO

THE CHALLENGE:

Smaller firms that have an appetite for implementing net zero policies report lacking the financial resources required or specialist knowledge to do so. Large and medium sized businesses struggle to hire experienced sustainability experts and to collect the correct baseline sustainability data from their supply chains. Many businesses also remain unsure around the Government's long-term ambitions for reaching Net Zero and how these goals will be effectively realised. In addition, commercial opportunities exist for local firms to diversify into net zero products and services but many firms lack the awareness or practical experience to make this transition.

THE NEED:

Local and regional authorities need to offer SMEs the tailored support they require to reduce their emissions in a cost-effective manner and explore opportunities around diversification into new products and services. In order to reduce the costs associated with rising energy bills, regional authorities also need to implement effective methods of increasing energy storage and driving energy efficiency. The Government also needs to set out a clear plan on how it will reach its Net Zero targets in order to drive investor confidence and create new jobs in this field.

THE INTERVENTIONS REQUIRED:

LOCAL AUTHORITIES

- Offer SMEs financial relief and tailored grant funding programmes in order to support their net zero journeys and offer practical guidance on diversifying into net zero products and services. These services need to be joined up across all Local Authorities in order to provide a consistent and clear pathway for businesses to follow.
- Proactively work with the business community to strategically identify sites for energy storage - mirroring the example of EDF and National Grid's Bustleholme substation in the Black Country.

REGIONAL AUTHORITIES

- Encourage the WMCA to partner with Business Membership Organisations to

identify and engage with businesses that would benefit most from accessing the WMCA's Business Energy Advice Service (BEAS).

- Advocate for the WMCA to work closely with Local Authorities and the private sector to create a strategy which fast tracks sustainable energy generation for regional projects across areas such as transport and infrastructure and other key sectors.
- Build on the partnership work of Ofgem and the WMCA by ensuring the voice of business plays a vital role in shaping a detailed energy plan which will increase regional energy storage and accelerate decarbonisation.
- Run a region wide campaign to raise awareness of legislative developments which are likely to impact local businesses from a sustainability perspective such as the UK Sustainability Disclosure Standards which is due to go live in 2024.

NATIONAL GOVERNMENT

- Publish an appropriately ambitious Green Industrial Strategy which responds to the geopolitical challenges created by the Inflation Reduction Act in the USA and the EU's Green Industrial Deal. The Strategy would need to incorporate grant funding and tax incentives in order to attract global businesses, create domestic supply chains and give businesses the confidence they need to make long term investment plans in green technology.
- Identify sectoral strengths where the UK could use its comparative advantage in areas such as Carbon Capture Usage and Storage (CCUS) and Sustainable Aviation Fuel (especially given Birmingham Airport's focus on zero-emission flights) in order to develop a blueprint to incentivise growth in these areas.

INNOVATION

THE CHALLENGE:

Business Investment in the UK as a share of GDP fell in the 2000s, has stagnated since 2016 and remains relatively lower than counterparts in the G7. Whilst Innovate UK have invested over £935m in innovation related projects across the region in the last four years, the majority of that funding has been set aside for manufacturing-based projects with relatively little funding in Black Country based businesses. The take up of R&D tax credits has also been relatively low in the West Midlands compared to other parts of the country.

THE NEED:

The Government needs to create a platform which will stimulate business investment in innovation- namely by making it easier for businesses to commercialise ideas and grow and scale up their business. Regional authorities need to target interventions in areas of the West Midlands where take up of Innovate UK funding remains low (such as the Black Country) and issues around productivity levels remain prevalent.

THE INTERVENTION REQUIRED:

LOCAL AUTHORITIES

- Work closely with Business Membership Organisations to identify innovative businesses with the potential to scale up – particularly in areas such as the Black Country where take up of Innovate UK funding remains low compared to other parts of the region. Encourage all of the region's local authorities to work together and offer businesses bid writing support and guidance on how to collaborate with other partners in order to secure funding.
- Partner with the British Business Bank and the West Midlands Combined Authority to set localised investment targets for SMEs that can access funding from the West Midlands Co-Investment Fund and other relevant initiatives.

REGIONAL AUTHORITIES

- Work with bodies such as Innovate UK to effectively target investment in businesses operating in sectors such as Clean Growth & Health – aligned to the wider strategic objectives of the WMCA's Plan for Growth and raise awareness

of the full range of Innovate UK funding programmes that support growth opportunities.

- Produce a regional strategy to boost pre-seed fundraising levels across the West Midlands for innovative start-ups.
- Use the WM Innovation Accelerator as a springboard to attract globally renowned businesses in emerging sectors such as life sciences and health tech.
- Identify businesses that have received funding from Innovate UK but are not currently trading internationally – encourage the WMCA and other key partners to offer them support in order to help these firms trade goods and services abroad.

NATIONAL GOVERNMENT

- Ensure that HMRC have appropriate staffing levels to allow businesses to effectively access R&D tax credits and Enterprise Investment Scheme tax relief.
- Ensure SEIS (Seed Enterprise Investment Scheme) and EIS (Enterprise Investment Scheme) regimes are simplified to maximise ease of angel investment in SMEs and explore options around the eligibility criteria for the EIS in order to increase investment accessibility.
- In respect of capital tax allowance relief, provide a clear commitment to maintain full expensing until the end of the decade and broaden the parameters of the scheme to include a wider range of business capital.
- Continue ongoing reform of the pension system to unlock more investment and create the conditions to enable institutional investors to invest more easily in firms with high growth potential.

FDI & INWARD INVESTMENT

THE CHALLENGE:

Despite the success of the 2022 Birmingham Commonwealth Games in shining a spotlight on the region, the perception from many members of the business community was that momentum had since been lost. Businesses were also concerned that Birmingham City Council's Section 114 announcement was likely to have an impact on attracting future investment to the region. In addition, as set out in the BCWM Interim Report, despite a strong track record compared to other UK regions and significant progress in recent decades, stark disparity remains between the West Midlands and London & the South East in terms of FDI & inward investment.

THE NEED:

Developing a West Midlands International Strategy offers a vital opportunity to tackle the barriers firms face in attempting to export goods and services and when it comes to attracting new investment. Regional authorities need to collaborate with other key local stakeholders to create an ambitious joint offer which helps to attract FDI, connect our businesses with overseas opportunities and export support guidance. In addition, an opportunity exists for the likes of the WMCA and the West Midlands Growth Company to work with BMOs to embed investors into the fabric of the region and cultivate a shared regional narrative. The Deeper Devolution deal announced in 2023 needs to act as a springboard to create better alignment between the WMCA, the West Midlands Growth Company and the Department for Business & Trade as agencies working together to co-ordinate FDI & inward investment activities and tackle these regional disparities.

THE INTERVENTION REQUIRED:

LOCAL AUTHORITIES

- Learn from other local authorities across the United Kingdom that have effectively used place-based marketing strategies that emphasise the importance of cities as a key pillar in growing the visitor economy.
- In spite of the well documented financial pressures local authorities are facing, within the current fiscal constraints, there is a strong imperative to continue to invest in digital and physical infrastructure, urban regeneration, low carbon projects and cultural & sporting assets in order to attract investment.

REGIONAL AUTHORITIES

- Lobby central Government to secure further funding for the internationalisation of the WMCA's Plan for Growth with a particular focus on narrowing the gap between London and our region in terms of the number of FDI projects and the jobs created from these projects.
- Ensure there are clear and consistent linkages between a West Midlands International Strategy and the WMCA's Plan for Growth – in particular, partnering with stakeholders across the region (including BMOs) to develop supply chains and skilled talent to attract inward investment. In addition, ensure the International Strategy has a specific focus on supporting existing firms that are already embedded within the fabric of the region that can play a part in driving further inward investment and complimenting the arrival of new overseas companies.
- Create a West Midlands International Strategy to effectively promote the region on the global scale with one voice – namely championing the West Midlands' strengths, assets and opportunities on the horizon – all brought to life via marketing campaigns, international missions and in-bound visits for example.
- Learn from the process of setting up Investment Zones and Enterprise Zones – identify key strategic sites across the West Midlands that would be ripe for FDI but ensure the effective infrastructure is already in place (namely planning permission, grid connections but also access to skills and supply chains) before seeking investment. In addition, utilise the International Strategy to effectively promote these strategic sites and their status to potential investors and developers.
- Use the newly formed Investment Zone to drive inward investment and capital attraction into the West Midlands in order to drive growth in key sectors such as advanced manufacturing and support the principle of place-based development. Ensure regional authorities are presenting joined up activities encompassing both innovation support and export support. Those businesses with the potential to develop and launch innovative new products, services and technologies are quite clearly those that have the highest potential to sell in overseas markets. Through this, it is vital that businesses are being supported to make full use of digitization and data, both to reach potential new customers and markets and to sell to customers through the growth of e-commerce platforms.
- Building on the work of the West Midlands Co-Investment Fund, encourage the WMCA and WMGC to collaborate with regional private sector partners on supporting the development of Venture Capital networks and helping businesses become more attractive for external investment.

- Continue to monitor and track the ROI from the WMGC's Business and Tourism Programme along with reviewing outcomes from the Global West Midlands Programme (which is funded through the Commonwealth Games Legacy Fund) in order to make further targeted interventions around driving FDI opportunities.

NATIONAL GOVERNMENT

- Create an enabling environment for Foreign Direct Investment to flourish across the country – namely around agreeing new trade agreements, multilateral agreements and harnessing co-operation between the private sector and Government in order to attract new investment.
- Implement the key pillars of the Harrington Review – in particular, by setting out a clear Business Investment Strategy by 2024 and expanding the scope and influence of the Office of Investment. In addition, ensure sustainable funding mechanisms are in place for regional Investment Promotion Agencies in order to enable them to effectively support the delivery of the Government's investment agenda.

ARTIFICIAL INTELLIGENCE

THE CHALLENGE:

Businesses of all sizes are aware that the development of Artificial Intelligence (AI) is likely to have some form of impact on their business in the coming years, however, due to the rapidly developing nature of the technology, many are unable to chart a course around how they will incorporate change within their business plans to reflect this development. Despite accounting for 11% of the UK's AI company population, the region has also received relatively low funding in relation to AI projects and development compared to other parts of the country. The legal frameworks associated with AI have not caught up with the latest technological developments which means businesses find themselves concerned at the risk of facing unintended legal and commercial consequences.

THE NEED:

Given the rapidly evolving nature of the technology, academic courses need to remain current and relevant in order to meet the needs of business and create a pipeline of skilled talent. An opportunity also exists to utilise the power of AI to compliment life-long learning strategies within the workplace. There is also considerable concern around the potential misuse of business data as this technology evolves and the potential cyber-security risks. Furthermore, businesses are keen for the Government to produce a blueprint on how they will regulate the AI industry and harness it to drive new economic opportunities.

THE INTERVENTION REQUIRED:

LOCAL AUTHORITIES

- Ensure that previously published Digital Strategies are fully updated to include risk mitigation plans around the use of Artificial Intelligence – particularly in the use of business data to avoid any potential cyber security breaches. It is essential for Local Authorities across the West Midlands to partner effectively on this approach to share best practice and peer learning.
- Embrace the opportunities presented by AI and digitisation to reform and modernise public services through innovative approaches to collaborating with the private sector and utilising (within regulatory parameters) the abundance of data held by local authorities.

REGIONAL AUTHORITIES

- Aligned with the Adult Education Budget Strategy, the WMCA needs to act as a conduit between Universities, Colleges and the private sector to ensure the education course content on AI remains up to date and relevant – particularly courses on Large Language Models and their application for business. In addition, we would encourage the WMCA to develop a strategy to equip young people with the pre-requisite digital skills in order to access these roles.
- As advocated by the likes of the Tech UK Cluster, encourage the WMCA to work more closely with the private sector to establish a flow of school leavers and graduates with AI related qualifications to secure roles locally in the industry – building on the work of Digital Bootcamps.
- Encourage the WMCA to work with Tech WM and BMOs to develop more year-round activity to allow technology firms to build links, attract investment and grow the profile of the technology sector.

NATIONAL GOVERNMENT

- In order to gain public trust on the topic of AI and the use of data, ensure that a robust data protection framework is included in the Data Protection & Digital Information Bill. In addition, consider the regulatory frameworks around the developers of AI solutions along with those using the technology (replicating the approach of the EU Artificial Intelligence Act).
- As advocated by the likes of Onward and others, support the development of sovereign Large Language Models in order to attract AI experts and entrepreneurs to the UK.
- Improve the funding made available for AI companies based in the Midlands and widen the focus of investment away from the established tech hubs in the UK such as Cambridge, Oxford and London.
- Revisit the Help to Grow Digital Scheme and offers tax incentives for SMEs that adopt technology that boosts productivity levels.

CROSS CUTTING ENABLER

- CASH & FINANCE

THE CHALLENGE:

The onset of higher inflation, escalating energy bills and rising interest rates have all squeezed cash flow for businesses of all sizes to varying degrees. However a number of SMEs, in particular many operating in the hospitality and retail sectors, are also still carrying unsustainable levels of debt accrued during the pandemic. For those larger firms that have continued to trade profitably, many are reluctant to invest their money due to wider political and economic instability.

THE NEED:

Both regional and national authorities need to support businesses in alleviating cash pressures which will free up funds to invest in their business. Also, a more tailored strategy is required to engage with Ethnic Minority business owners to support them to grow their businesses. In addition, the Government needs to create a stable economic platform which gives businesses the confidence to make longer term investment decisions.

THE INTERVENTION REQUIRED:

LOCAL AUTHORITIES

- Engage with local firms on proposals that will be submitted to Government regarding potential changes to business rates and the associated relief packages.
- Review SME Grant Programmes to ensure complete transparency and ease of application. Avoid match funding requirements for programmes aimed at supporting growth or resilience in sectors most impacted by rising cost pressures. Given that businesses might have multiple sites across different parts of the region, it is important for local authorities to adopt a consistent framework which businesses can effectively engage with.

REGIONAL AUTHORITIES

- Ensure Business Growth West Midlands works strategically with private sector intermediaries and BMOs to raise awareness of all of the Grant Programmes

currently on offer and how local businesses can effectively access them.

- A commitment from the West Midlands Mayor that they will not enact the Business Rates Supplement (BSR) throughout their tenure given the cost pressures firms are current facing.
- Create a strategy which allows for more effective engagement with Ethnic Minority Businesses and offers them more tailored support in accessing finance.
- Continuing to lobby central Government to allow local firms that renewed energy deals at the heart of the energy crisis to be freed from these agreements and seek fairer agreements.

NATIONAL AUTHORITIES

- Reduce the level of the business rates multiplier, introduce annual revaluations, simplify the appeals process and provide additional funding for the Valuation Office Agency (VOA).
- Press ahead with cuts in VAT and National Insurance for those operating in the hospitality and retail sectors which have been particularly impacted by the pandemic.
- Revisit the review on the VAT threshold and commit to no increase in corporation tax and maintaining full expensing for the rest of the decade in order to create a more stable and supportive environment for investment.
- Reintroduce Tax Free shopping in order to offer the UK's retail and hospitality sectors a much needed boost by driving economic growth and tax revenues.
- If property market activity remains sluggish into 2024, cut stamp duty on residential and/or commercial properties in order to stimulate demand in the market.

THE BUILT ENVIRONMENT

THE CHALLENGE:

Smaller firms continue to struggle with rising rental costs and the challenges associated with the changing nature of high streets, where a long-term lack of investment has curtailed demand and created under occupation. Whilst great strides have been made in rolling out 5G Technology, there remain key locations across the West Midlands which lack access to reliable broadband connectivity. Businesses across all sectors namechecked the problems associated with securing suitable employment sites which act as a barrier to growth. This was particularly acute for the manufacturing sector. Furthermore, many businesses questioned the reliability of the local transport network and the knock-on impact on connectivity across the region. In addition, businesses strongly questioned the Government's decision to curtail HS2 beyond Birmingham given the knock-on impact it could have on future investment plans and localised transport plans.

THE NEED:

It is essential for regional and local authorities to work together to deliver a fully functioning transport system which improves inter-regional connectivity and meets the needs of employers across the region - in particular, this will require effective data sharing and collaboration across each local authority. Businesses also need to see a firm commitment from both regional and national authorities on delivering sites for employment land and reform of the planning system to speed up the delivery of projects. In light of the HS2 decision, the Government needs to demonstrate greater certainty of infrastructure investment in order to bolster investor confidence.

INTERVENTION REQUIRED:

LOCAL AUTHORITIES

- Ensure that local development plans emphasise the importance of cultural venues and their contribution to the local economy. In addition, ensure that these Plans reference the ongoing economic contribution of more traditional industries such as manufacturing and the role they play in attracting new businesses to the region as an established supply chain.
- Create digital working groups made up of representatives from the business community, vendors and local partners on improving broadband connectivity across each area and exploring new methods of future connectivity (such as 6G

and a mixture of full-fibre and non-fibre networks).

- Produce a strategy which sets out how empty and derelict buildings can be repurposed in order to revitalise our ailing high streets – whether for coworking spaces or office space for startups or cultural initiatives. Examples of successful local authority projects across the country include the Bradford City Centre Growth Scheme and Rotherham Council’s Business Vitality Grants which have helped to revive activity on their high streets. A new high street revitalisation strategy should also consider measures to reduce petty crime and create more attractive environments to encourage people to visit and companies to invest.
- Ensure Local Planning Authorities (LPAs) have the correct resources to speed up decision making processes, with a specific focus on recruiting staff with the relevant experience required. In addition, digitise systems in order to improve processes and provide change management resources and skills training budgets to maximise the use of this technology. In addition, we would encourage each Local Authority in the region to conduct an assessment on the need for employment space in their area and provide for it within their local plans along with ringfencing planning fees which will be used for planning and other statutory consultees within the process.
- Set out a clear strategy on creating a pipeline of suitable investment sites for manufacturers and offer appropriate flexibility around employment use across these sites.
- Ensure Local Authorities maximise the potential socio-economic value that a project the scale of HS2 generates – with a particular focus on harnessing the wider regeneration opportunities that the delivery of Curzon Street and Interchange Stations bring to the region.
- Safeguard non statutory services that are offered by local authorities (such as street lighting, cleanliness in city centres or transport options) and ensure they remain adequately funded in order to attract visitors to town and city centres.

REGIONAL AUTHORITIES

- Ensure the WMCA works with all of the Metropolitan authorities to create spatial plans that will be able to deliver new settlements, employment land sites and infrastructure. In addition, it is important for Spatial Plans produced by the WMCA to be afforded development plan status in order to accelerate the delivery of these sites.
- Encourage the WMCA to explore alternative methods of sourcing private sector investment (such as Tax Increment Financing Models) to pay for longstanding

projects such as the Metro extension to Solihull and the transformation of Birmingham International Station.

- Ensure the WMCA is committed to the full roll out Very Light Rail, including investment in the first routes to connect major new employment sites both in Coventry City Centre and development sites on the city fringe.
- Deliver a fully integrated public transport system across local rail, bus and tram services in order to incentivise and support modal shift.
- In light of the HS2 decision, protect the funding and accelerate the delivery of the Midlands Rail Hub in order to bring about greater inter and intra-regional connectivity.
- Encourage the WMCA to work with bodies such as National Highways and the Department for Transport to explore options around subsidising use of the M6 Toll to reduce congestion levels in the region.

NATIONAL AUTHORITIES

- Work with Mayoral Combined Authorities to explore improved rail connections between the West Midlands, Manchester and Leeds following the Government's decision to curtail HS2 beyond Birmingham. In addition, the Government needs ensure that all Phase One assets are delivered to the current design plans and also needs to take measures to maximise the option for ten platforms at Euston Station. Both measures would align with long-term infrastructure needs and maximise train services to the Midlands and the North. Remaining consistent with the original plans will also provide investors and businesses the confidence they need to make investment decisions.
- Reform the planning system to ensure it supports investment and delivery of renewable energies, energy efficiency in buildings and sustainable transport as an economic and environmental priority. In addition, work with Local and Regional Authorities to ensure that employment land and its uses are given equal priority to housing in all spatial planning, transport planning and master planning strategies – in particular, giving The Planning Inspectorate the tools it needs to enforce this approach.

PEOPLE, PROCESS & SKILLS

THE CHALLENGE:

Businesses of all sizes are experiencing recruitment challenges which is impacting output and adding to their overheads. SMEs and micro firms tend to struggle to interact with Further Education and Higher Education institutions in order to access talent. Furthermore, leadership and management capability challenges remain prevalent for a number of firms and many smaller companies remain ill-equipped to deal with potential cyber security attacks.

THE NEED:

The Government needs to implement both short and long-term measures which will help to ease the labour market challenges firms are facing. Regional Authorities also need to implement bespoke skills plans which reflect the economic makeup of the region in order to drive economic growth. In addition, regional and national authorities need to support SMEs and micro businesses in strengthening their knowledge and expertise around potential cyber security breaches.

INTERVENTION REQUIRED:

LOCAL AUTHORITIES

- Use existing touchpoints with SMEs (such as contacting businesses over rate bills) as cost effective opportunities to also promote support available to businesses on cyber security (such as the Government backed Cyber Essentials Scheme).
- Clarify and coordinate the offer from Local Authorities across the region to employers on engagement with careers advice and employment support.

REGIONAL AUTHORITIES

- Commit to implementing the recommendations of the West Midlands Local Skills Improvement Plan:
 - To promote training and education provision where already available in areas such as engineering & manufacturing, construction, ICT & digital and logistics and distribution but also to invest in new facilities and courses where required.

- To work with the business community to deliver the provision of flexible leadership and management training in both specific and general topics to help facilitate business growth.
- Respond to employer requests for greater levels of essential skills for work and workplace digital skills via mentoring, coaching and the creation of new modular training around these topics.
- Work with BMOs and other key stakeholders to gather improved and more live data on what businesses need from local skills providers.
- Ensure there is a coherent link between regional industrial strategic policy and future workforce planning.

NATIONAL AUTHORITIES

- Expand the parameters of the Shortage Occupation List and introduce a range of short-term visas for work purposes for up to two years in duration to help ease the current challenges of labour and skills shortages.
- Incentivise greater transparency around business investment in skills with particular recognition for employers who invest in workplace training through the tax system.
- Offer flexibility around the delivery of the Apprenticeship Levy and consult with employers in order to promote accredited short courses and modular Higher Technical Qualifications.
- Commit to funding business led Local Skills Improvement Plans (LSIPs) beyond the current cut off point of 2025 to 2028 as a minimum.
- Ensure that the immigration system enables the UK's world-renowned higher education institutions to attract talent from across the globe, support with meeting the skills needs of UK businesses and drive economic growth.
- Ensure the UK remains an open and welcoming market for students, overseas workers and their families and review the eligibility criteria for refugees and asylum seekers that are seeking employment to ensure that vital skills are harnessed in the national interest.

BUSINESS ECOSYSTEM

THE CHALLENGE:

Businesses find the regional business eco-system confusing and difficult to navigate, particularly in regards to business support. SME businesses highlighted difficulty accessing public procurement opportunities and wanted to see changes to regulation in order to unlock further growth across areas such as net zero.

THE NEED:

Businesses need adequately funded, effective public services and complete clarity on the roles and functions of public institutions and how to navigate them. In addition, local authorities need to work together in the West Midlands to ensure the process of accessing business support is simplified across the West Midlands. The region needs to see commitment by both WMCA and the UK government to deliver sufficient levels of sustained investment in the West Midlands business support ecosystem if we are to effectively tackle persisting barriers to business growth, economic growth and realise the region's innovation potential.

THE INTERVENTIONS REQUIRED:

LOCAL AUTHORITIES

- Ringfence business support programmes that are potentially subject to being cut due to the fiscal pressures local authorities are currently experiencing outside of UK SPF programmes- examples could include business support packages for those firms impacted by the Birmingham Clean Air Zone.
- For those local authorities facing fiscal pressures, ringfence a portion of funding for investment in arts, culture and heritage given the wider economic benefits these sectors bring to the region.
- Simplifying procurement processes for businesses of all sizes - in particular, by using more pre-qualification checks and setting Environmental and Social Governance requirements proportionate to the size of the contract in question and size of the business tendering for it.

REGIONAL AUTHORITIES

- Ensure that the WMCA works closely with other key stakeholders across the region (such as the West Midlands Growth Company, local authorities and other public funded institutions) to offer full clarity on the roles of these institutions, the support they offer to local firms and how businesses in the region can navigate and effectively engage with them.
- Maximise the impacts of the West Midlands Investment Zone and Levelling Up Zones – both to secure major FDI and inward investment into the region, and to ensure West Midlands businesses can access the growing local and global market opportunities, including through the development of high-quality supply chains, innovation, R&D, and skills programmes.

NATIONAL AUTHORITIES

- Commit to building on the existing Deeper Devolution Deal in the West Midlands by offering more funding and powers to the WMCA to ensure it can fulfil its economic objectives to drive growth and prosperity across the region. In particular, creating a single pot of funding for devolved business support that will allow the WMCA to formulate more targeted interventions that match the needs of local firms in a more consistent manner.
- Review the regulatory frameworks around grid transmission in order to ensure the UK can deliver the energy needs required to meet Net Zero targets. In addition, use regulatory reform to effectively speed up the roll out of renewable energy from all sources including offshore wind, solar and nuclear amongst others.
- Deliver an ambitious vision for the future of the UK economy, underpinned by clarity, consistency and a long term strategic approach to delivering on it.

NEXT STEPS - BUSINESS COMMISSION WEST MIDLANDS

The Business Commission West Midlands (BCWM) Hub is published on the Greater Birmingham Chambers of Commerce website and includes reactions to and comments on the Business Commission West Midlands. The Interim Report, which was published in February 2024 and set out the key thematic challenges related to business growth across the region, is also available on the Hub.

The BCWM Hub will also include specific detail of the survey analysis conducted in November 2023. In addition, the page will include a link to our Business Growth Support Grid which will outline the range of national and regional programmes which have been designed to help local businesses grow and prosper – full details will be made available on our website in due course.

We will use the coming months to engage with local, regional and national political figures and other relevant stakeholders in order to champion and promote the recommendations made in the report. In addition, we will look to undertake deeper dives across the nine levers for growth and cross cutting enablers which form the basis of this report. Conducting this exercise will give us a more nuanced understanding of the challenges and opportunities facing businesses in these areas and help track progress against the recommendations we have put forward. In March 2025, we will host a formal review in which we will assess which recommendations have been implemented and where further work is required to unlock growth and drive prosperity across the West Midlands.



GREATER BIRMINGHAM CHAMBERS OF COMMERCE

The Chamber are here to unleash the potential of Greater Birmingham's businesses. We give them the tools to build their profile and networks, access opportunities and learn from best practice locally, as well as trade internationally.

We are a not for profit business membership and support organisation that exists to Connect. Support. Grow. local businesses.

We're in it for the long haul - we've been putting the us in business, since 1813. Today's Chamber has over 2,500 members, ranging from young professionals and start-ups to multinational corporations.

The Chamber is an unwavering voice and champion of local businesses, working in partnership with stakeholders across the region to make Greater Birmingham the best possible place to work and do business.



BLACK COUNTRY CHAMBER OF COMMERCE

The Black Country Chamber of Commerce is the leading regional business support agency for firms based within or doing business across Dudley, Sandwell, Walsall and Wolverhampton.

We operate in a not-for-profit capacity and work hard for our members across the region's business community.

Through our services and initiatives, we provide platforms and opportunities for businesses to grow, connect and become part of a thriving network which shines a spotlight on the amazing work local companies are doing and helps to make the Black Country a great place to do business.



COVENTRY & WARWICKSHIRE CHAMBER OF COMMERCE

We are a local hub for businesses to access a broad offer of business support.

We are one of 53 accredited Chambers of Commerce in the UK and together we make up a strong network of trusted champions of businesses, places and global trade.

At Coventry & Warwickshire Chamber of Commerce, we're uniquely placed to help businesses of every size and sector. Meaning from micro-one-person businesses to our largest employers, we're all in it together, locally, nationally and globally.

THANK YOU

LEAD AUTHOR



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