

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	Corporate Director of Economy
Date of Decision:	16 May 2017
SUBJECT:	WEST MIDLANDS GROWTH COMPANY CONTRACT 2017-18
Key Decision: Yes	Relevant Forward Plan Ref: 003447/2017
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member	Deputy Leader – Cllr Ian Ward
Relevant O&S Chairman:	Economy, Skills and Transport – Cllr Zafar Iqbal
Wards affected:	All

1. Purpose of report:
<p>1.1 To seek approval for the programme of activity to be delivered under contract by the West Midlands Growth Company (formerly Marketing Birmingham) in 2017-18, to support inward investment and the continued growth of the visitor economy.</p> <p>1.2 To seek approval to increase the amount of City Council funding earmarked towards funding pre-existing pension fund liabilities of former and existing employees in the West Midlands Growth Company following a recent actuarial valuation.</p>

2. Decision(s) recommended:
<p>That the Cabinet:-</p> <p>2.1 Approves the programme to be delivered by the West Midlands Growth Company (WMGC) in 2017-18 (outlined at Appendix One) at a cost of £871,700.</p> <p>2.2 Delegates to the Deputy Leader, together with the Corporate Director (Economy) to agree the terms of an agreement to deliver the programme, including establishing appropriate key performance indicators.</p> <p>2.3 Approves an increase in City Council funding earmarked to meet pre-existing pension fund liabilities of former and existing employees in the WMGC of £44,600 above that previously approved by Cabinet, for the reason given in 4.2.</p> <p>2.4 Authorises the City Solicitor to negotiate, execute, complete and seal all necessary documents to give effect to the above recommendations.</p>

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3. Consultation

3.1 Internal

Officers in Finance, Legal and Procurement Services have contributed to the preparation of this report. The Corporate Director (Place) has responsibility for the visitor economy and supports the report progressing to decision.

3.2 External

Cllr John Clancy is the Council-nominated director of the company and has been sent a copy of this report for information.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The proposals will contribute to enabling investment in infrastructure and the growth of sectors where Birmingham has competitive strengths. The services provided by the WMGC will assist in the delivery of the inward investment strategy and business growth and contribute to the Council's priority of economic growth and jobs. The proposals will support the development of the visitor economy in Birmingham and the implementation of the Destination Management Plan for the city. WMGC will be required to comply with the Birmingham Business Charter for Social Responsibility.

4.2 Financial Implications

The recommendations in this report are fully funded from the Council's approved revenue resources for this purpose in the Council Financial Plan 2017+. The budget of £1,613,000 includes £664,000 committed by the City Council for ERDF match-funding up to the 2018/19 financial year. The Cabinet report of 21st March 2017 approved the deduction of £32,700 per annum for pre-existing pension fund liabilities relating to past and existing local government pension fund members of Marketing Birmingham. In April 2017, the West Midlands Pension Fund advised that this requirement had increased to £77,300, following an actuarial valuation. This leaves a balance of £871,700 to commission the services set out in Appendix One.

4.3 Legal Implications

Under the general power of competence, Section 1 of the Localism Act 2011, the Council has the power to enter into the arrangements set out in this report, which are also within the boundaries and limits of the general power of competence Section 2 and Section 4 of the same Act.

4.4 Public Sector Equality Duty

A copy of the Equality Act 2010 – Public Sector Duty statement is appended at Appendix 2, together with the initial equality assessment screening Ref EA001999 at Appendix 3.

5. Relevant background/chronology of key events:

- 5.1 In September 2010, the Council entered into a contract for services to promote inward investment and visitor economy, and to deliver destination management, with Marketing Birmingham, which has since been extended. This agreement expired at the end of April 2017.
- 5.2 On 26 April 2017, the corporate entity of Marketing Birmingham which was established in 1982 as a not-for-profit organisation, made a transition into the new West Midlands Growth Company (WMGC). At its meeting on 21st March 2017 Cabinet approved the treatment of company separation relating to the new governance arrangements and provision for funding the WMGC over the next three years, alongside the novation to WMGC of a series of arrangements in place with Marketing Birmingham, including a loan, cash flow facility and support for pre-existing pension fund liabilities.
- 5.3 The budget for services to support inward investment and the visitor economy has reduced by £426,000 in 2017-18 to £1,613,000 in line with the Council's agreed budget. The Council's Financial Plan 2017+ includes further reductions of £250,000 in 2018-19 and £300,000 in 2019-20.
- 5.4 On 8 December 2015, Cabinet approved a report which provided match funding to Marketing Birmingham for a European Regional Development Fund programme of £664,000 pa in 2017-18 and 2018-19.
- 5.5 The total budget available for services outlined in Appendix One is £871,700. The services have been developed to support schemes for occupier attraction and for the promotion and development of the visitor economy in Birmingham, including provision of information for tourists to the city, to be developed in partnership with the Library of Birmingham (subject to Cabinet Member approval).
- 5.6 In relation to the Inward Investment strand, WMGC will build on the city's success in securing record levels of overseas investment, by focussing on attracting more businesses and occupiers to expand and/or relocate to the city. As well as increasing employment opportunities for local residents, the focus on targeting occupiers will have a positive impact on attracting investment by stimulating supply chains and customer networks which will support local firms more widely.
- 5.7 Appendix One sets out the functions and planned activities to be delivered by WMGC 2017-18. These will be delivered under a contract for services, which will set out the key performance indicators, together with the arrangements for monitoring, managing the contract, payment and resolution of disputes.

6. Evaluation of alternative option:

- 6.1 WMGC has been established as a successor organisation to Marketing Birmingham and Cabinet has already approved changes to the structure of the company and the allocation of funds to support these activities.
- 6.2 The services set out in Appendix One have been specified to complement activities planned as part of the WMGC's regional approach, providing Birmingham-specific support for inward investment and the visitor economy.

7. Reasons for Decision:
7.1 To support the Council's strategic priorities relating to jobs and skills, by attracting investment into the city and promoting Birmingham as a place to visit.

Signatures	<u>Date</u>
Cabinet Member	
..... Cllr Ian Ward, Deputy Leader
Chief Officer	
..... Waheed Nazir, Corporate Director (Economy)

List of Background Documents used to compile this Report:
Cabinet Report – Marketing Birmingham Business Plan (approved 21 March 2017) Cabinet Report – Marketing Birmingham Service Level Agreement 2016-17 (approved 16 February 2016) Cabinet Report – European Regional Development Fund Application: Investing in Greater Birmingham (approved 8 December 2015)

List of Appendices accompanying this Report (if any):
1. Programme for inward investment & visitor economy support 2017-18 2. Public Sector Equality Duty 3. Equality Assessment Ref EA001999