

PURE COSMOS
Interreg Europe



Birmingham Action Plan (December 2018 – Under Consultation with GBSLEP and Stakeholders)

SUPPORTING THE
GROWTH OF **SMEs**



BIRMINGHAM ACTION PLAN

This action plan produced by Birmingham City Council and the GBSLEP Region is a document providing details on how the lessons learned from cooperation will be exploited in order to improve the policy instrument tackled within the region. It specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs (if any) and funding sources (if any).

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Part I – General information

Project: Pure Cosmos

Partner organisation: Birmingham City Council

Other partner organisations involved (if relevant): GBSLEP

Country: United Kingdom

NUTS2 region: West Midlands

Contact person: Nikki Spencer, Birmingham City Council

Email address: nikki.spencer@birmingham.gov.uk; phone number: 0121 303 8041

Part II – Policy context

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument –
ESIF Strategy: Priority 2: Stimulating Business and Enterprise

Name of the policy instrument addressed: European Structural & Investment Fund Strategy: Priority 2: Stimulating Business & Enterprise

I acknowledge Birmingham's adoption of the Regional Action Plan on 31st March 2019:

Name: Paul Edwards

Position: Head of Strategy, Greater Birmingham & Solihull Local Enterprise Partnership

Signed: _____ Date: _____

Part III – Details of the actions envisaged

Policy Context

The UK government has decided that the ERDF in England will be delivered by the network of Local Enterprise Partnerships (LEPs); in the definition supplied to the INTERREG Europe Programme they are “Relevant Organisations” (i.e. with no responsibility for ERDF policy). In accordance with this, the Greater Birmingham and Solihull LEP (GBSLEP) has adopted the European Structural Investment Fund Strategy which combines a range of funds (including ERDF) into an integrated programme. For PURE COSMOS this includes Investment Priority 3 of ERDF Priority Axis 3: Promoting Entrepreneurship. Specifically, this will facilitate the economic exploitation of new ideas and foster the creation of new firms, including through business incubators. In the GBSLEP European Structural Investment Fund Strategy this corresponds to Priority 2: Stimulating Business and Enterprise. This sets out a range of strategic activities covering the whole life cycle of business development and growth across GBSLEP region. It addresses the needs of early stage SMEs specifically to generate more high growth firms; increase the proportion of exporting firms; and improve the level of investment in innovation. The Structural and Investment Funds are expected by the UK Government to support this agenda by ‘building capacity of existing businesses, including social enterprises and microenterprises, ensuring they reach their growth potential and supporting an entrepreneurial culture to encourage sustainable new businesses’.

Background

In 2016 Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) and Birmingham City Council were successful in becoming a partner in the EU Funded Interreg Project PURE COSMOS (Public Authorities Role Enhancing Competitiveness of SMEs) led by the Municipality of Genoa. The aim of the project for Birmingham was to look at how GBSLEP and Birmingham City Council could reduce the administrative burdens on SMEs when working and contracting with the local authority and how the GBSLEP could ensure that the region and the SMEs had access to the right information, support, tools and services that they needed to develop in order to enhance their competitiveness, productivity and boost the economic growth of the region.

The changing political landscape following the UK’s decision to leave the EU will no doubt have an impact on the relevance of the current policy instrument reported in the bid submission i.e. European Structural and Investment Fund Strategy: Priority 2 – Stimulating Business and Enterprise. However, what is not clear is the nature of that impact and any resulting implications; but as the UK are currently still active players in Europe, Policy recommendations will still be accepted from the Pure COSMOS project for submission to the Policy Committee. Birmingham City Council, specifically, the Head of European and International Affairs who leads the ESIF Policy Committee also forms part of the Brexit Committee at a local and regional level.

As part of PP5’s Pure COSMOS work we have tried to identify any potential risks and have explored contingency plans in the event we have to respond to a ‘hard Brexit’ come 31st October 2019 including the potential for its implementation via the Industrial Strategy with the UK Prosperity Fund / Devolution Deal as possible mechanisms.

It is very important to underline that, compared to the other member states, in the UK, the management of EU funds is strongly linked and combined with local strategies. Based on the UK Government Partnership Agreement in 2014 each Managing Authority has produced an operational programme that contains further detail on what the fund will support, and how it will provide, manage and assess funding. The Department for Business, Energy and Industrial Strategy (BEIS) is responsible for the UK government on policy for the European Structural Funds (ERDF and ESF) and on the UK Partnership Agreement. Moreover, all the Local Enterprise Partnerships (LEPs) and their partners have been asked by the Government to produce a strategy showing how they intended to use these funds within their area. The strategy comprises a narrative document and spreadsheet populated with information on their proposals for spending, outputs and results which had to be agreed with the Government. This is why, in the case of Birmingham city council, the GBSLEP via the West Midlands Combined Authority (WMCA) are developing a local industrial strategy response to this namely, the West Midlands Industrial Strategy 2018: Growing the UK economy through a Midlands Engine that will help mobilize funding to support activities through possible routes such as the UK Prosperity Fund / Devolution Deals.

The Government's Industrial Strategy focuses on supporting innovative and high growth business targeting several grand challenges. The GBSLEP via the West Midlands Combined Authority (WMCA) are developing a local industrial strategy response to this namely, the West Midlands Industrial Strategy 2018: Growing the UK economy through a Midlands Engine that will help mobilize funding to support activities through possible routes such as the UK Prosperity Fund / Devolution Deals.

The Challenges and six guiding principles of Industrial Strategy detailed below support the aims and values of Pure COSMOS:

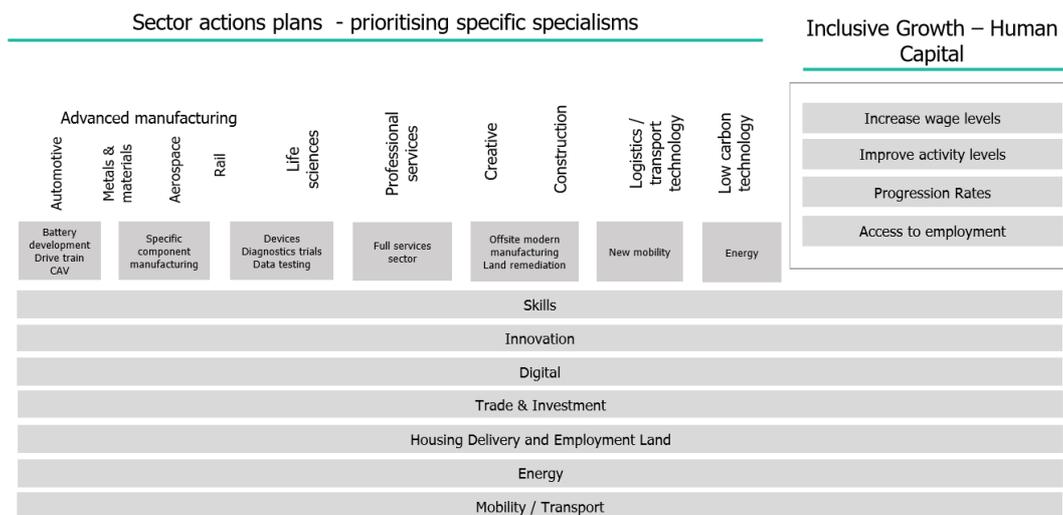
Skills	Employment	Dynamism
£3bn	£6.5bn	£7bn
Increase of 185,010 people qualified to NVQ4+ required to meet UK average	Increase of 129,939 people in employment to meet UK average	Increase of 1,468 business births per year to required to meet UK average

1. Uniquely of the West Midlands – being precise about their offer and strengths
2. Focus on impact (impact on value and supply chains)
3. Build on existing LEP and CA strategies
4. Be explicit about how they will create the conditions for both inclusive growth and productivity
5. Be bold about investment in human and natural capital – skills, leadership, environment and inclusion
6. One West Midlands Local Investment Strategy

To ensure there is real opportunity to deliver more and drive up productivity the Industrial Strategy has targeted investment for growth in:

- Housing Deal, 215,000 homes
- HS2 – two stations and a connectivity package
- Metro extension
- Brownfield land packages
- Commonwealth Games
- City of Culture

West Midlands Industrial Strategy on a page



This contingency work described as part of PP5's Regional Action Plan has been focused on influencing the development of the Industrial Strategy particularly in the actions identified, linked to digital skills, innovation and procurement.

Birmingham was responsible for the establishment of the PURE COSMOS project Study Visit Methodology which set out a framework and a structure which has supported interregional collaboration with other regions both in the UK and across Europe. Birmingham facilitated the project-partners through in-depth discussions, which led to the partners agreeing the methodology for the programme of Study Visits, from which Birmingham created the templates that needed to be completed by all partners if they wished to attend. These templates provided the context and scope for the Study Visit enabling the host to ensure that all study visits met the needs of the partners attending. A list of Study Visits was compiled based on the feedback from the partners on their requirements and the dates of the visits negotiated and agreed. Following each study visit each partner was asked to complete a study visit evaluation form so that any lessons learned could be then used by future hosts. The aim of the Study Visits is to identify potential new solutions and/or policies and funding opportunities that could be embedded into regional practice and delivered through the implementation of Regional Action Plans. It has helped to identify the issues and challenges that SMEs face through both collection of data via surveys, direct discussion with SMEs and regular engagement of stakeholders.

The peer review organized by Birmingham City Council on 26 September 2016 brought together experts from Germany, Florence, Usti and Genoa along with selected representatives of regional stakeholders: local Councillors, GBSLEP Officers expert in business support from the Growth Hub as a direct response to partners feedback, electronic procurement solutions and Data Protection Officer facilitated GDPR session.

The peer review is an interregional learning methodology chosen by the project through which external experts, typically chosen among those proposed by other Project Partners, are invited by the host Partner to observe and evaluate the local situation and the challenges faced and suggest possible ways to tackle and improve them. To date Birmingham has undertaken a Peer Review with regional and EU experts to understand local challenges and current plans and identified good practices that will improve these plans. These have been explored further through study visits (Birmingham Chamber of Commerce on 19th September 2017 and the Welsh Government on 21st September 2017) enabling deep dive analysis to look at them in practice and see on the ground the results and solutions. Those envisaged transferable into Birmingham have been studied further through special workshops to explore localisation and integration requirements followed by the development of detailed Regional Action Plan. These stages represent Phase 1 (summarised below) and then will be followed by Phase 2 which will implement and monitor impact.

- (1) Development of a Regional Stakeholders Group – Decision Makers within the GBSLEP Region
- (2) Development of a Wider Stakeholders Group (SMEs) – SMEs in the GBSLEP Region
- (3) Survey of SMEs – to identify specific issues that SMEs faced
- (4) Peer Review – SMEs, Decision Makers, Experts
- (5) Identification of Good Practices – from SMEs, EU Partners
- (6) Study Visits – Good Practice Projects
- (7) Import Workshop – Action Planning for RAP
- (8) Development of Regional Action Plan

By following this approach and identifying good practices and working with experts from different countries on similar issues it has enabled mindsets to be more open and has enabled the development and delivery of actions based on quantifiable evidence, such as Google Garage.

In July 2016 Birmingham undertook its baseline SME survey for PURE COSMOS to understand the needs and challenges for GBSLEP businesses and areas where additional support was required. A key finding was the need to increase digital skills of businesses, particularly small businesses and sole traders. This was substantiated through research from the Lloyds UK Business Digital Index 2016 that annually benchmarks the digital maturity of small businesses and charities in the UK and has demonstrated the clear link between digital maturity and organisational success, showing there is significant benefit beyond increasing revenue. 12.1% of businesses in the West Midlands were not online and 2.6% had lapsed use (ONS internet users 2016).

Birmingham's Peer Review brought together experts from Genoa, Usti Region, Saxony Anhalt, Florence and was the starting point to review effectiveness of current interventions and then look in more depth at some of

the different strategies and approaches that could be applied to tackle this, particularly targeting the harder to reach micro traders.

Birmingham highlighted some of the work that it had already done in setting up a temporary pop-up Google Garage in the Library of Birmingham, which had run drop in sessions and seminars for businesses for them to learn crucial skills for the digital age. Based on this success, Digital Birmingham (Birmingham City Council) worked with its regional stakeholders (Chamber of Commerce, GBSLEP and alliances) to secure a more permanent home for the Google Garage providing a shop floor frontage in the City Centre in an area of high footfall. The Digital Garage acted as a growth engine for all local SMEs and entrepreneurs offering them direct access to Google's expertise offering one to one mentoring sessions and masterclasses, all free of charge.

There was still a gap however in targeting effectively the harder to reach businesses, sole traders and citizens and not everyone could make it to Birmingham City Centre. Digital Birmingham worked closely with Google and secured funding to deliver an outreach programme to target job seekers, unemployed and small businesses with low digital skills. Courses ranged from staying safe online, developing skills for work through to building a simple website, social media and digital marketing. Research has shown that over 88% of attendees at the Digital Garages have changed the way they run or promote their business online, with 68% saying they have seen positive results in increased sales, bookings, web traffic or social media.

An example of a local business that has thrived since visiting the Digital Garage is Birmingham based Barberology. After attending two training sessions and several follow-ups, the owner has learnt how to optimize his website for better search engine rankings. It is now ranked first in 22 search terms in Birmingham and is serving 88% more customers. Digital facilitation is a key priority in ensuring people and business can readily access services and make the most of opportunities. Councillor Tristan Chatfield, Cabinet Member for Transparency, Openness and Equality, said: *"Online skills are increasingly vital for in empowering people individually and in business. We are continually seeing growing creativity and entrepreneurialism in local people and we're excited to see what else grows out of this opportunity."*

They then pointed out what needs to be improved: disseminate knowledge of Pago PA Payment System; stimulate digital skills of business actors and citizens; improve digital skills of public employees; improve communication ability of public employees who work at the front office; involve local providers of payment services.

In Birmingham the development of the Regional Action Plan has been informed by study visits, experts from Europe and ideas that have been identified through good practices and explored further via an import workshop with partners from Barcelona and Genoa.

Regional Context

Since the project start there have been a number of important changes taking place in the region and UK that are impacting on the organisational structures and funding routes, some of which are still indeterminable.

- UK's decision in March 2019 to leave the EU (Brexit) will impact on the relevance of the current ERDF policy instrument (identified at the start of the project), which is delivered through the Local Enterprise Partnership, which will have implications for future funding of proposed improvements.
- Development of a Regional West Midlands Combined Authority with a locally elected Mayor in 2017 is also changing the way services, and funding for the region is delivered. A UK prosperity fund / devolution deals are possible mechanisms but there is no further detail on this at the moment.
- The Government launched its Industrial Strategy in November 2017 setting out a long-term vision for how Britain can build on its economic strengths, address its productivity performance, embrace technological change and boost the earning power of people across the UK, focused on supporting innovative and high growth business targeted on a number of grand challenges. In response to this the GBSLEP are developing a local industrial strategy response that will help mobilise funding to support activities.
- Public Contract Regulations 2015 will also not apply post Brexit. The UK are defining a new statutory instrument to replace these regulations.

The Regional Action Plan aims to influence and support the GBSLEP in developing its Industrial Strategy and making it easier for businesses to transact and do business with Birmingham City Council and wider

WMCA. The actions that have been identified within this RAP are based on findings that have come out of the PURE COSMOS project and discussion with GBSLEP Strategy lead and relevant stakeholders. These are centered on:

- Action 1: Enhancing regulatory support services
- Action 2: Business intelligence and data driven decision making
- Action 3: New approaches to innovative public sector procurement
- Action 4: Next Generation digital infrastructure and technologies.

Action 1

Aim: To develop an enhanced regulatory support service for SMEs through the establishment of a Regional Better Business for all Group of Regulators. The forthcoming Commonwealth Games offers the potential for a proof of concept by 2021/22 working collaboratively across the West Midlands LEPs. This will support a more integrated approach across all of the regulators, to contribute to greater efficiencies with the participating local authorities and facilitate enhanced support for businesses.

The WMCA will work with partners, including Government (BEIS), Local Enterprise Partnerships and Growth Hubs to develop a strategic approach to regulatory delivery, building on the Better Business for All national programme, overcoming regulatory barriers and supporting local priorities for growth and reform. In the Autumn 2017 Statement the reference to strategic regulation and Better Business for All was agreed as part of the West Midlands Devolution Deal 2.

Better Business for All (BBfA) brings together businesses and regulators in local partnerships to identify the issues facing local businesses and provide support to them. Birmingham, like most local authorities in the UK are involved with the programme, preparing and implementing action plans and sharing good practice.

The nature of BBfA support for local partnerships as they evolve includes, for example, bringing all stakeholders to the table and staging introductory workshops and it is through this route Pure COSMOS will influence and shape the nature of the support provided to businesses. The BBfA toolkit, draws on good practice and materials developed by Local Enterprise Partnerships (LEPs) and regulators. Its resources can be adapted for local use and are associated with the 10 steps taken by effective local partnerships.

- 1) Do the necessary groundwork
- 2) Identify your stakeholders
- 3) Get involved with your Growth Hub
- 4) Refine your objectives
- 5) Create your governance structure
- 6) Produce your work programme
- 7) Resource your activity
- 8) Engage local businesses
- 9) Engage local regulators
- 10) Communicate effectively

Action 1 has been developed in collaboration with the Department for Business, Energy and Industrial Strategy (BEIS) and is subject to the identification and successful application of grant funding. The role of BEIS in the delivery of this action is to agree the direction of support and provide expertise and knowledge exchange going forward.

Action 1 is linked to and further supported by Actions: 2: Business intelligence and data driven decision making – to build and support a regional network to drive improvements in information sharing and data analysis working with the West Midlands Office of Data Analytics; and 3: New approaches to innovative public sector procurement – improving and promoting the Local Authority's Birmingham Business Charter

for Social Responsibility including improving and updating guidance for SMEs on how to bid for Local Authority contracts.

Actions:

- To establish Regional Better for all Business and Regulatory Support Group by BEIS by April 2019
- Define work programme and identify funding for recruitment of a part-time coordinator to liaise directly with businesses and stakeholders to identify how services can be delivered more efficiently and effectively by June 2019
- Define new approach and use of digital tools, as part of the BBfA Toolkit, to engage SMEs and test out new regulatory approach in support of the Commonwealth Games (March 2020)
- To set up new system to enable electronic licensing to be delivered directly to businesses which will reduce the administrative burden by incorporating the required procedures; improve efficiency by providing all support and local authority regulatory services in centralised system; and thus, reducing the costs of service delivery.

Lessons Learned

The One Stop Shop (OSS) showcased by the Government of Catalonia as being a reference point for entrepreneurs, corporations and intermediaries in dealing with the public administration. The One Stop Shop incorporates all procedures and services required to run a business throughout its lifecycle, regardless of the public Administration level involved. This model demonstrated how regulatory services could be managed through a centralised portal for SMEs integrated across multiple regions, creating a step by step process for businesses to follow to ensure they comply with all legislation and government regulations through one system utilising one log-in process.; there was also legislation in place to ensure that businesses used the portal and that all regulatory services were accessed through one entry point. Following a Study Visit to the UK, Birmingham identified this as a Good Practice for further study and wanted to try and replicate this methodology locally. However, it is not possible at this stage to achieve the same level of regulatory integration in the UK given the political set-up, regional structures and the existing infrastructure and set up is considerably different in the UK to that of Catalonia, i.e. businesses have to register at a government level to register their business activities and all business related taxes; at a regional level the LEP and associated agencies will assist in identifying a business location and supporting business grants; and at a local authority level businesses will have to comply with local authority licensing and legislative requirements such as business rates. At each step of the process the business would need to register on a different system each time. Therefore, in collaboration with BEIS, a Regional Business for All Business and Regulatory Support Group was implemented to integrate the regulatory activities across the West Midlands region. Better Business for All brings together businesses and regulators in local partnership to identify the issues facing local businesses and provide support to them. Regulatory Services, utilising the forthcoming Commonwealth Games as an engagement hook, would provide the opportunity to work with stakeholders and businesses and define a new approach to regulation and contribute to greater efficiencies and enhanced support for the SMEs; assisting businesses to become more effective in engaging with local authorities.

Aims of the Better Business for All (BBFA) Regulatory Programme would be to:

- reduce the regulatory burden on businesses
- promote dialogue between businesses and regulatory services
- improve the business perception of regulators
- encourage the right balance between encouragement, education and enforcement
- develop a joint offer of support from regulatory services for businesses
- link regulatory services to your local Growth Hub

Barcelona's Good Practice illustrated how business regulation could be administered differently through a centralised online portal for SMEs and is recognised as being of future benefit not only to Government through standardisation and access to information and data on SMEs but also to SMEs to reduce the administrative burden when setting up or growing their business.

In the first instance the aim is to bring together the different regulators across the region in order to create a standardised approach, thorough the development of new digital tools, services to and establishment of the Better for All Business and Regulatory Support Group. If this is successful, then development of new regulatory approach can be piloted for the Commonwealth Games to meet the needs of SMEs.

Players involved: BEIS: Department for Business, Energy and Industrial Strategy (Advisory), GBSLEP (Growth Hub One Stop Shop), West Midlands Combines Authority/ Commonwealth Games Project Team (Regional Stakeholder), Birmingham City Council Regulatory Services (responsible for local authority business regulation))

Timeframe

Regional Better for all Business and Regulatory Support Group April 2019 - BEIS
Regional Better for all Business Co-ordinator (subject to funding being agreed June 2019)
New regulatory approach for Commonwealth Games 2022 Charter June 2020 (subject to co-ordinator in post)
Rollout of new approach to SMEs 2020-2021 Phased (subject to funding being agreed)

Costs:

Approx. £25k – Part-time Better for all business Co-ordinator Post
Approx. £10K – Regulatory Charter Recognition for Commonwealth Games

Detailed costs for rollout cannot be identified at this time, as will be subject to identification of digital tools, services and solutions that will be identified throughout the process by the Co-ordinator. Bids / sponsors will be found once agreed.

Funding sources (if relevant):

Difficult to quantify which funding sources at the current time due to changes in structures and funding of current bodies.

- WMCA Devolution Deal
- Commonwealth Games
- UK Prosperity Fund

Action 1:

Name: Steve Hollingworth

Position: Assistant Director of Regulation and Enforcement, Birmingham City Council

Signed: _____ Date: _____

ACTION 2:

Aim: To increase visibility and access to data and web intelligence to support a data driven decision making approach to the development, design and delivery of targeted business support interventions by GBSLEP Growth Hub.

Actions:

- Build and support a regional network to drive improvements in information sharing and data analysis working with the West Midlands Office of Data Analytics (May 2019)
- Undertake initial strategic assessment to provide place-based insight including change drivers, key data, and partner and citizen engagement and identify common agreed datasets to enable intelligent insights for regional priorities (September 2019)
- Undertake Feasibility study / market testing of web-based platform using Growth Hub Data to test 'one SME' data approach and revenue generating model; assisting to develop a consistent approach to business data in collaboration with GBSLEP and CityREDI's Business Support Programme (March 2020)

Building the Office of Data Analytics will enable economic growth and prosperity in the West Midlands through insight-driven collaboration. The development of the WMCA Office of Data Analytics (WM ODA) will provide an opportunity to increase the impact of research and intelligence in improving outcomes for WM residents, particularly by:

- Taking a region-wide overview and working efficiently across organisations, whilst also understanding local contexts
- Ensuring our research is reliable and robust by developing common principles, standards, methodologies, tools and training.
- Building a holistic view of citizens and businesses by improving information sharing and analysis across WMCA partners and national government.
- Creating a culture and approach for the safe and effective sharing of information
- Bringing in the voice of citizens with greater engagement

The WM ODA will have a dual remit: as an internal resource for the WMCA (keeping up to date a coherent evidence-based narrative, connecting Combined Authority priorities, and further developing the evidence base) and as an enabler of regional collaboration (around research activities, improving information sharing, developing shared tools and methodologies, and connecting performance to delivery).

DEFINED REGIONAL AND LOCAL CAPABILITIES

- Developing and deploying shared tools and methodologies
- Enabling skills development, apprenticeships and networking
- Defined standards and methodologies that support accuracy and consistency
- Sharing regional and organisational best practice in the form of case studies

RELIABLE AND ROBUST EVIDENCE BASE

- A credible and authoritative source for statistics with a coherent narrative
- A single view and shared narrative of economic and social issues facing the region
- Clear evidence of the impact of public service reform pilots and economic interventions on economic and social outcomes in the region

IMPROVED INFORMATION SHARING

- Being an enabler of regional collaboration and information sharing
- The creation of opportunities for synergy, through using organisational capacity building, knowledge, expertise and information exchange, transfer and coordination
- Ability to meet GDPR data protection and privacy requirements

DATA-DRIVEN CULTURE

- Connecting performance to delivery
- Open engagement, providing mechanisms for civic engagement in the work of the ODA and a way for those affected by the research to be involved and engaged in the design, scoping, ethics and use of data and research



An Office of Data Analytics will provide an opportunity to deliver the SEP and LIS based on a rich source of research and intelligence on local residents and businesses and a route to the key objectives for delivery in 2021

Lessons learned: The peer review organized by Birmingham city council on 27 -28 September 2016 brought together experts from Greece, Italy and Germany (Kleoniki Kalapouti / Dominico Trombino: Co-ordinated approach across different services; one-stop model.

Michela Grenno: Financing through use of banks and public sector – reviewing role and opportunities through banks; Malcom Harbour / Marcel Lejeune: reviewing role of public procurement of innovation) along with selected representatives of regional stakeholders from all the partners.

Birmingham built this methodology together with the other project-partners through in-depth discussions, on the following topics:

- **How should public sector services** and support packages be re-designed to enable greater private and public sector innovation working with SMEs, particularly around the following challenges:
 - a. Procurement and contracting processes that are suitable for working with SMEs, establishing this expertise within ICT – current processes are said to stifle innovation and hinder SMEs from working with the public sector
 - b. Governance process and policy frameworks to become more agile
 - c. Culture and collaboration; partnership agreements, new business models & shared Intellectual Property
 - d. Access to data and Infrastructure
- **What are the constraints for SMEs, start-ups and entrepreneurs in improving their digital performance / operations?** What can be done to remove them? How can this be done sustainably?
- **What else needs to be done to modernise** public sector service provision and deliver effective and efficient end to end digital services that will benefit SMEs
- **What new types of support**, grants & finance; funding calls etc. could help businesses to grow beyond their current base and how do we make these more accessible

To aid the discussions at the Peer Review meeting these were then broadly categorised into the three topic areas of:

- a) Supplying innovation in business
- b) Supporting SMEs generally as suppliers to the council / public sector
- c) What the public sector can do to support SMEs

The experts worked with the regional stakeholders to:

- Identify the challenge issues and barriers to growth for SME s in the context of the public sector through discussion, insights from survey data and interviews with businesses and stakeholders
- Highlight examples of good practice, ideas, solutions and new approaches for Birmingham City Council, GBSLEP and WMCA to explore further
- Present initial practical steps / recommendations for the Regional Stakeholders to consider

The Recommendations from the Pure Cosmos experts were, in particular:

- Investigate innovative public sector improvement – it is intended to be adaptive and flexible so need to make sure that maximize the opportunities from this and spread learning and use of existing toolkits
- Review terms and conditions in respect of how SMEs are contracted to work with the Council (cash flow; payment and funding); standardisation of approach
- Understand and research new financing models and approaches to support sustainability of SMEs - co-funding through banks and public sector

- Adopt more collaborative approach with SMEs; find new; more modern ways to engage; enhancement of the one stop shop model – end to end brokered support and advice facilitated by digital by default
- Try to overcome barriers – some are perceived legal organizational constraints; some cultural ones (Council is risk averse); some due to constraints in public administration

Pure COSMOS Peer Review and exchange of experiences has supported interregional collaboration with other regions both in the UK and across Europe and it has been instrumental in bringing together stakeholders from across the region. This has influenced the Policy Instrument (ESIF Priority 2 Stimulating Business and Enterprise) ensuring a more coordinated approach to the use of data and data analytics is adopted for the region. This has resulted in the West Midlands Combined Authority commissioning the 'Building the Office of Data Analytics: Enabling economic growth and prosperity in the West Midlands through insight driven collaboration), via an initial research proposal (see Technical Annex: Initial Research/Pilot project proposal 'SME One Database).

Access to data and information was useful not just for academic institutions, growth hub, local authorities, regulators but also for SMEs to be able to innovate, create, develop and sell new products and services. Data and web intelligence have the power to reduce wasted time and money and duplication of effort spent evaluating and designing interventions as well as identify trends that impact sectors in different ways.

In order to provide business support and enable business growth it is important that information and data regarding SMEs is available in order to deliver specific and targeted support that meets their needs based on their sector, size, type, etc. By having access to all of the data on a business rather than fragmented views held across different systems it would streamline and improve efficiency of service delivery and be able to be used to utilise the health of the region e.g. number of start-ups, type, failure rate, Brexit effect, etc.

Other regions are starting to look at the use of data as a commodity for income generation and with Birmingham alone being home to over 41,000 businesses by developing a shared database across the region it could offer many benefits with business and professional support services being able to access information and new data insights across key sectors to drive economic growth.

Players involved: GBSLEP Growth Hub, WMCA Office for Data Analytics, BCC and other partners (e.g. Chamber of Commerce, Universities and SME networks, banking institutions and Government)

Timeframe:

May 2019 – Regional data network

July 2019 – Development of regional data platform

September 2019 – Initial strategic assessment and feasibility

March 2020 - proof of concept to test 'one SME' data approach

Costs (if relevant)

WMCA – Feasibility Study – £ 2,000 'Building the Office of Data Analytics: enabling economic growth and prosperity in the West Midlands through insight driven collaboration).

Funding routes to be identified for proof of concepts (costing unknown at this stage and to be defined post feasibility study)

Funding sources (if relevant):

- WMCA Devolution Deal
- UK Prosperity Fund
- Innovate UK Fund

EU Funding (dependent on Brexit) – UK

Action 2:

Name: Rebecca Riley

Position: Head of Research and Office of Data Analytics, West Midlands Combined Authority

Signed: _____ Date: _____

ACTION 3

Aim: To support new innovative procurement approaches to enable SMEs to target their social value delivery and make it more transparent to support achievement of priority outcomes for Birmingham City Council, but also improving SME capabilities to bid for future public sector contracts e.g. with Birmingham and Solihull Sustainability and Transformation Programme (BSol STP).

Actions:

1. To update and promote the Council's Birmingham Business Charter for Social Responsibility (BBC4SR) including reviewing and updating guidance on how to bid for council contracts.
2. Improve the means by which social value achievements on council contracts are recognised and work with Birmingham Business Charter for Social Responsibility (BBC4SR) accredited organisations to adopt these methods.

Lessons learned: During the Peer Review SME businesses had highlighted that it was generally difficult to deliver work for local authorities due to the administrative burdens placed upon them when applying for contracts. Information was difficult to complete, and SMEs did not meet specific thresholds in business terms to be able to deliver contracts due to their financial circumstances. They also identified that local authorities were risk averse and did not take on board new creative innovative solutions and continued to purchase old technologies with which they were familiar or contract to large companies to ensure compliance and confidence with unknown and untested smaller companies.

Adopting innovative procurement methods is recognised as important in helping the Council to sustain and improve the quality of services and find innovative solutions coupled with the deployment of new technologies to address sustainability in a climate of considerable financial constraints. Closer engagement and collaboration with small and medium enterprises (SME) and voluntary sector is recognised as key to supporting Birmingham City Council to innovate and as such the tendering and procurement strategy and methodology needs to be adapted to make it easier and more effective for SMEs to do business with the Council as suppliers of innovation. At the peer Review in Birmingham innovative companies were invited to share views about supplying to the local authorities. One SME had a clear opinion; "public procurement is designed to buy the old stuff". Many prospective suppliers particularly from small innovative companies did not see the public sector as being their natural customers. For the region's economic future there is a need to harness all the talents available, which will not only benefit the local authorities and wider public sector supporting them to innovate but also enable SMEs to be in a better position to work with the Council and the public sector supporting their growth and competitiveness. The procurement strategy, and toolkit are all improving the methodologies and approaches and the further development of Birmingham's regional action plan is solidifying this through a detailed plan for wider roll-out and training to procurement managers and SMEs. The policy instrument addressed by PP5 is focused on enhancing the competitiveness of regional SMEs and development of the procurement strategy and participation in Small Business Research Initiative (SBRI) pre commercial procurement tenders is at the heart of supporting greater collaboration and partnerships between Councils and SMEs.

In addition to the procurement activities highlighted above the development of digital skills capabilities of SMEs and digital infrastructure development as part of the regional 5G test bed will be significant in accelerating innovation and productivity of SMEs particularly those in high growth sectors as recognised and developed as part of PURE COSMOS and work with partners (particularly Genoa and Barcelona).

It is important that the needs and concerns raised in Lord Young's Review are recognised and considered: *"contract size and the optimal circumstances for procuring on a large scale versus purchasing through smaller procurements."*

Following the Peer Review, Birmingham City Council has worked with Government and other local authorities to develop a new Commissioning and Procurement Strategy, published in July 2017, to improve

access for SMEs and enable a procurement process for the delivery of innovative solutions to meet the challenges of local authorities. This strategy continues to be reviewed.

Birmingham has already delivered the following outcomes following initial findings from the SME Survey. The RAP will also continue to build upon these achievements. These include the following achievements since 2016:

- Working with regional and national grant funders to support the implementation of the Councils Commissioning Strategy and engagement hub approach to enable organisations to transition from grants to sustainable investment (“Grants Plus”)
- Compliance with Procurement Policy Note (PPN) 03/15 - Reforms to make public procurement more accessible to SMEs:

The key reforms were:	Birmingham City Council (BCC) Actions
“Abolition of a pre-qualification stage for procurements below the EU thresholds, and a requirement to have regard to guidance on qualitative selection issued by Cabinet Office for above EU threshold procurements.”	<ul style="list-style-type: none"> • No Pre-Qualification Questionnaire’s below Official Journal of the European Union (OJEU), instead adoption of the national Selection Questionnaire process. • Proportionate financial assessments when shortlisting for tendering opportunities - such as lower turnover requirements and insurance levels.
“A requirement for contracting authorities to insert provisions in all public contracts to ensure prompt payment through the supply chain.”	<ul style="list-style-type: none"> • Launch of a supply chain finance solution supported by Finance Birmingham and delivered by Obillex to enable prompt payment down the supply chain. • Public Procurement Threshold - PCR15 – Payment terms mirrored as for Tier 1 (T1) contractors and payment performance statistics published on BCC transparency portal.
“The requirement to advertise as many public sector opportunities in one place (Contracts Finder), and to publish award notices for contracts and call-offs from framework agreements.”	<ul style="list-style-type: none"> • We publish adverts over £10k which is considerably below the threshold for Contracts Finder at £25k. • Since 2017 Planned Procurement Activity Reports are published on Find It In Birmingham (FIIB) to notify the market of forthcoming opportunities. A weekly highlight report of all live opportunities on FIIB is also sent directly to all Councillors via email. • Frameworks are established that include “Lots” e.g. to enable additional capacity, reflect specialisms or different service elements. This provides greater opportunity for SMEs to gain business directly without being part of the supply chain. • Holding pre-tender events and market consultations to determine procurement strategies and tendering opportunities.

- The Birmingham Business Charter for Social Responsibility (updated again in December 2018) includes the following:

Buy Local:

- Support the local economy by choosing suppliers close to the point of service delivery where possible.
- Use Find it in Birmingham (FIIB) as the primary method of sourcing suppliers for contracts in Birmingham, increasing the accessibility of opportunities to local businesses throughout the supply chain.
- Encourage their suppliers to endorse the principle of Buy Local throughout their supply chains.
- Where possible, commit to purchasing from businesses on the Find it in Birmingham website and from social enterprises and small businesses.

Partners in Communities:

- Build capacity by supporting community organisations with resources and expertise in areas with the greatest need, for example mentoring and working with youth organisations and services.
- Provide support to third sector organisations and work with third sector organisations to deliver services and contracts.
- Make accessible all sub-contracting opportunities to a diverse supply base including the third sector and local suppliers and provide mentoring and support to assist these organisations to tender for and deliver these supply opportunities where necessary.

Ethical Procurement:

- Pay suppliers no later than the terms stated in the primary contract if contracted to the Council, otherwise adopt a similar policy such as the Prompt Payment Code.

Support for the Local Supply Market

- Regular breakfast meetings are held for suppliers which regularly have an attendance of over 100 delegates on a range of subject matters which are helpful to local SMEs. These events often provide an opportunity for suppliers to have a 1 to 1 session with procurement officers from tier one suppliers to the Council. Breakfast meetings have included meet the buyer events with High Speed 2 (HS2), Kier, Willmott Dixon, Amey Innovation Hub, Transport for West Midlands/ Midland Metro Alliance, Bouygues UK and the Commonwealth Games partners.
- We will continue to update and review the grant toolkit to make the process simpler and clearer. Including simplifying forms and increasing the limit for small grants from £5k to £10k. We are also investigating how we can make the forms available to complete electronically via the website.

Outputs/benefits for the local economy

- Since its implementation in 2010 Find it in Birmingham (FIIB) has continued to build on its success in supporting local SMEs. Membership has grown to over 39,000 organisations of which over 40% are Birmingham based and over 65% are in the West Midlands.
- Over £3.6 billion pounds worth of public and private sector adverts have been posted on the website since its launch, opening up opportunities to SMEs and third sector organisations.
- Corporate Procurement Service website development in 2017 to help steer organisations to opportunities/support including [How to Tender and Win Business presentation](#) produced as part of the Commissioning Strategy 2017+ implementation to develop a diverse local supply market.
- Spend for purchase cards and general [spend over £500](#) is published on the transparency portal.
- Working with the Centre for Local Economic Strategies (CLES) since 2017 has resulted in their report on [Local Wealth Building](#) and this work is continuing with planned work streams on improved employment, procurement and asset management from Anchor Institutions in Birmingham.
- Delivery of [Innovative Procurement Presentation](#) to West Midlands Innovation Alliance on 22/11/18.
- Our work to develop innovative practices includes working with the Local Government Association (LGA) to "[Encourage Innovation](#)" should improve the ability of SMEs to offer innovative solutions in the future.

Further opportunities / players involved:

Birmingham City Council supported the WMCA in developing their Social Value Policy and is now working with the Birmingham and Solihull STP to develop and implement their SV Policy to cover their NHS member Trusts. This will provide opportunities for local suppliers to tender and deliver social value commitments in a consistent way across multiple contracting authorities in Birmingham.

Timeframe

By June 2019	<ul style="list-style-type: none"> • BCC to promote updated guidance about the BBC4SR and bidding social value as part of the tendering process.
April 2019 – March 2020	<ul style="list-style-type: none"> • BCC to make achievement of social value more transparent and engage BBC4SR suppliers to do the same. • BCC to support the BSol STP to launch their Social Value policy.

Costs (if relevant)

- Officer time in developing and promoting the approach.
- Potential costs associated with hosting and reporting social value data.

Funding sources (if relevant):

Local Digital Fund; other to be defined dependent on structures and funding of current bodies.

WMCA Devolution Deal
 UK Prosperity Fund
 Innovate UK
 EU Funding (dependent on Brexit) – UK
 BCC
 GBSLEP

Some of the activities that are identified above require funding in order to be undertaken. Due to current uncertainty of budgets and funding actions will only go ahead if funding can be identified.

Sign Off:

A/D Development and Commercial (or delegate) – responsible for procurement and contract management in Birmingham City Council

Haydn Brown, Strategy and Procurement Manager – responsible for day-to-day delivery and monitoring of Pure Cosmos Action Plan

Action 3:

Name: Thomas Myers

Position: Finance Business Partner, Finance and Governance, Birmingham City Council

Signed: _____ Date: _____

Name: Haydn Brown

Position: Head of Category, Strategic Services, Birmingham City Council

Signed: _____ Date: _____

ACTION 4

Aim: Enable regional businesses to benefit from 5G technologies; gain a competitive advantage; improve productivity and ultimately drive growth and jobs.

Actions:

- Define infrastructure specification for Birmingham 5G hub test bed working with public and private sector partners (September 2019)
- Development of regional data platform (based on learning from ERDF funded Big Data Corridor) to support growth of SMEs and new products and services and data capabilities working with key partners and stakeholders (July 2019)
- Develop 5G use case applications focused on health and wellbeing (May 2019 – March 2020) working with SMEs and citizens
- Create policies and strategies for rollout and wider deployment working with WMCA (March 2021)

Lessons learned: Significant work has been done on developing the digital skills capabilities of businesses following SME feedback gathered through the PURE COSMOS Survey (Sept 2016) and other sources (e.g. Lloyds Bank Digital Index). With more and more businesses moving online, many were losing out not just on sales, but inefficiencies within their business as they did not understand how technology and data could help them to improve their productivity and competitiveness. In addition to the procurement activities highlighted in Action 3, the development of the digital skills capabilities of SMEs and digital infrastructure development as part of the regional 5G test bed will be significant in accelerating innovation and productivity of SMEs particularly those in high growth sectors as recognised and developed as part of PURE COSMOS and work with partners (particularly Genoa and Barcelona).

Birmingham approached Google to come to the City to help its SMEs and its citizens to become more digitally literate and this was a great success (case study attached). Since this development other companies like O2 have also helped citizens become digitally aware which helps them to access council services online, enabling streamlining of council services to reduce administrative burdens by providing digital channels for those that can use them. New and emerging technologies like AI and Big Data are creating new services and business models (e.g. Airbnb, Uber, Mobile Apps) that not only requires businesses to develop further their digital capabilities but also necessitates the infrastructure for the region to be upgraded to accelerate the potential for economic growth. £10M of Government funding enabled businesses to access superfast broadband voucher to their own business.

As the successor to 4G, 5G is set to completely transform the way we do business. Bringing enormous data capacity, rapid speeds, and incredibly low latency, marking a huge step up from its predecessor. It will change how connectivity dependent organisations work, allowing greater capabilities and importantly more productivity. As the quality and quantity of the content consumed grows large bandwidths will allow multiple users to work comfortably and efficiently on the same 5G networks, download video and use powerful cloud applications without impacting on the productivity of those around them. It will enable a host of new services and developments in AI, autonomous vehicles and explore immersive technology like virtual reality (VR) and augmented reality (AR).

The changing nature of services now requires all organisations including public sector to transform their services and deliver differently and SMEs are now creating new products and services that need more bandwidth.

The West Midlands Combined Authority put in a bid and has been successful and is going to create the first 5G testbed hub, one of which will be in Birmingham, to trial different and new technologies and this will help SMEs to create new products and services to address the challenges that local authorities face.

This Pure Cosmos action has influenced the Policy Instrument by:

- Contributing to the development of Birmingham City Council's ICT & Digital Strategy, which has placed a priority on the principles of Simplify, Standardise and Share. This aims to address digital facilitation to support digital skills and inclusion of citizens and businesses in their access and engagement with council services and reducing administrative burden.

- Securing the investment of Google Digital Garage, who established an office in the centre of Birmingham delivering a strong promotional campaign offering free digital skills training to start-ups; SMEs and citizens. Google Digital Garage has also provided specific funding to Birmingham to engage vulnerable and hard to reach groups and businesses (£25K).
- ESIF Priority Axis 1 Promoting Research and Innovation (£2.45M) funding secured to support SME innovation in the use of Big Data new products and services.

Players involved:

GBSLEP Growth Hub
WMCA Data Hub
BCC

Timeframe

September 2019 - Infrastructure specification for Birmingham 5G hub test bed
May 2019 – March 2020 - 5G use case applications focused on health and
March 2021 - Policies and strategies for rollout and wider deployment

Costs (if relevant)

As below

Funding sources (if relevant):

£25m from the Department for Digital, Culture, Media and Sport (DCMS) and a further £25m match funding from regional partners. An additional £25m may be made available at a later stage.

Action 4:**Name: Raj Mack****Position: Head of Business Engagement, Digital & Customer Services, Birmingham City Council**

Signed: _____ Date: _____

Technical Annex List

1. West Midlands Industrial Strategy 2018 [..\Technical Annexes\Technical Annex 1 West Midlands Industrial Strategy 2018.pdf](#)
2. Initial Research / Pilot Project Proposal: West Midlands Combined Authority - SME One Database [Feasibility Study SME Database\Bham RAP SME Database Project Proposal signed.pdf](#)
3. Guidance for SMEs on how to unlock their Social Value (launched at the National Social Value Conference Nov 2018)