

LAUNCH STATEMENT  
6 JULY 2015



**WEST MIDLANDS**  
COMBINED AUTHORITY

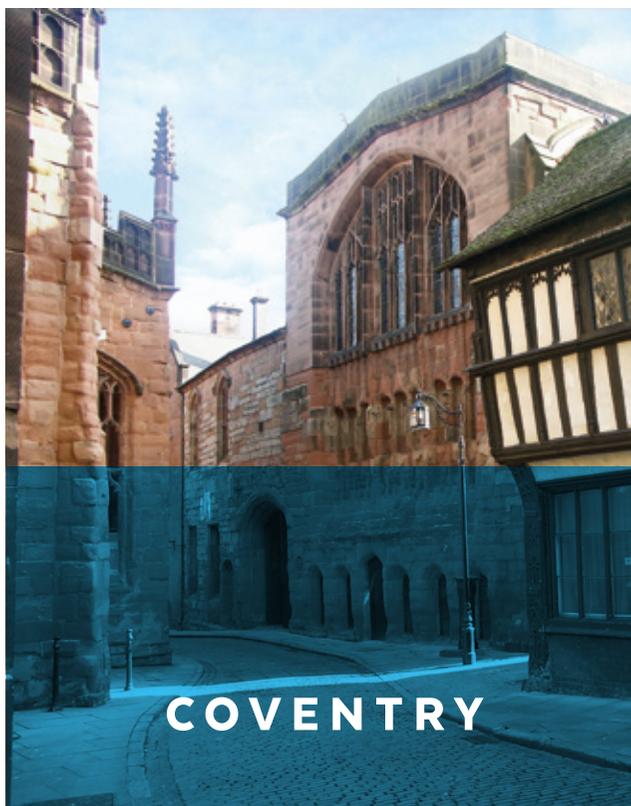
**GROWING THE UK ECONOMY THROUGH A MIDLANDS ENGINE**

**BIRMINGHAM • COVENTRY • DUDLEY • SANDWELL • SOLIHULL • WALSALL • WOLVERHAMPTON**

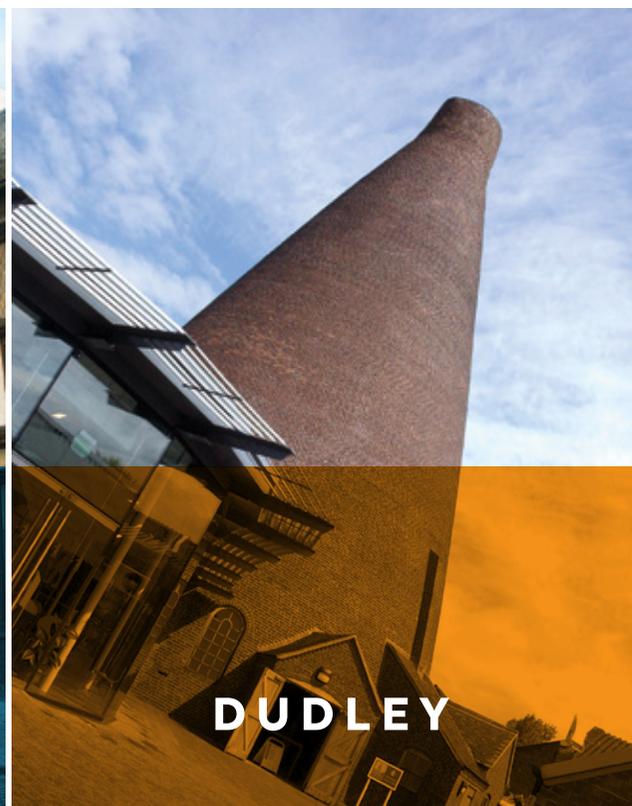
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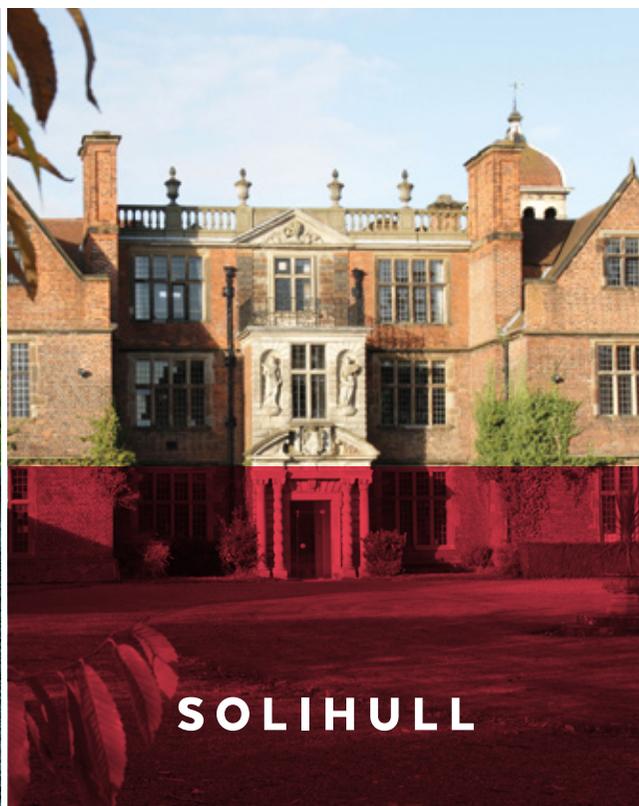
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Find out more at [www.westmidlandscombinedauthority.org.uk](http://www.westmidlandscombinedauthority.org.uk)



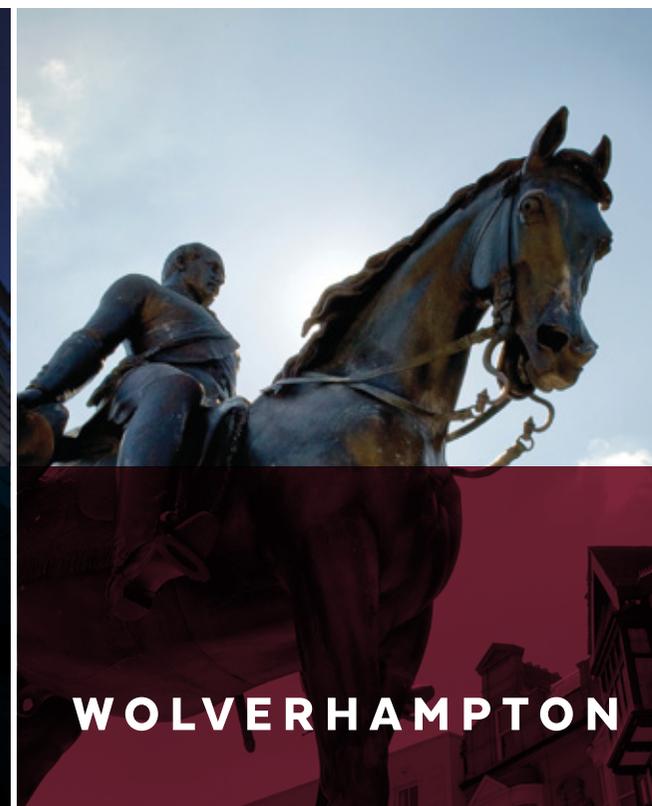
**WELL**



**SOLIHULL**



**WALSALL**



**WOLVERHAMPTON**



# Growing the UK Economy through a Midlands Engine: the role of the West Midlands Combined Authority

Throughout this document, terms have the following meanings:

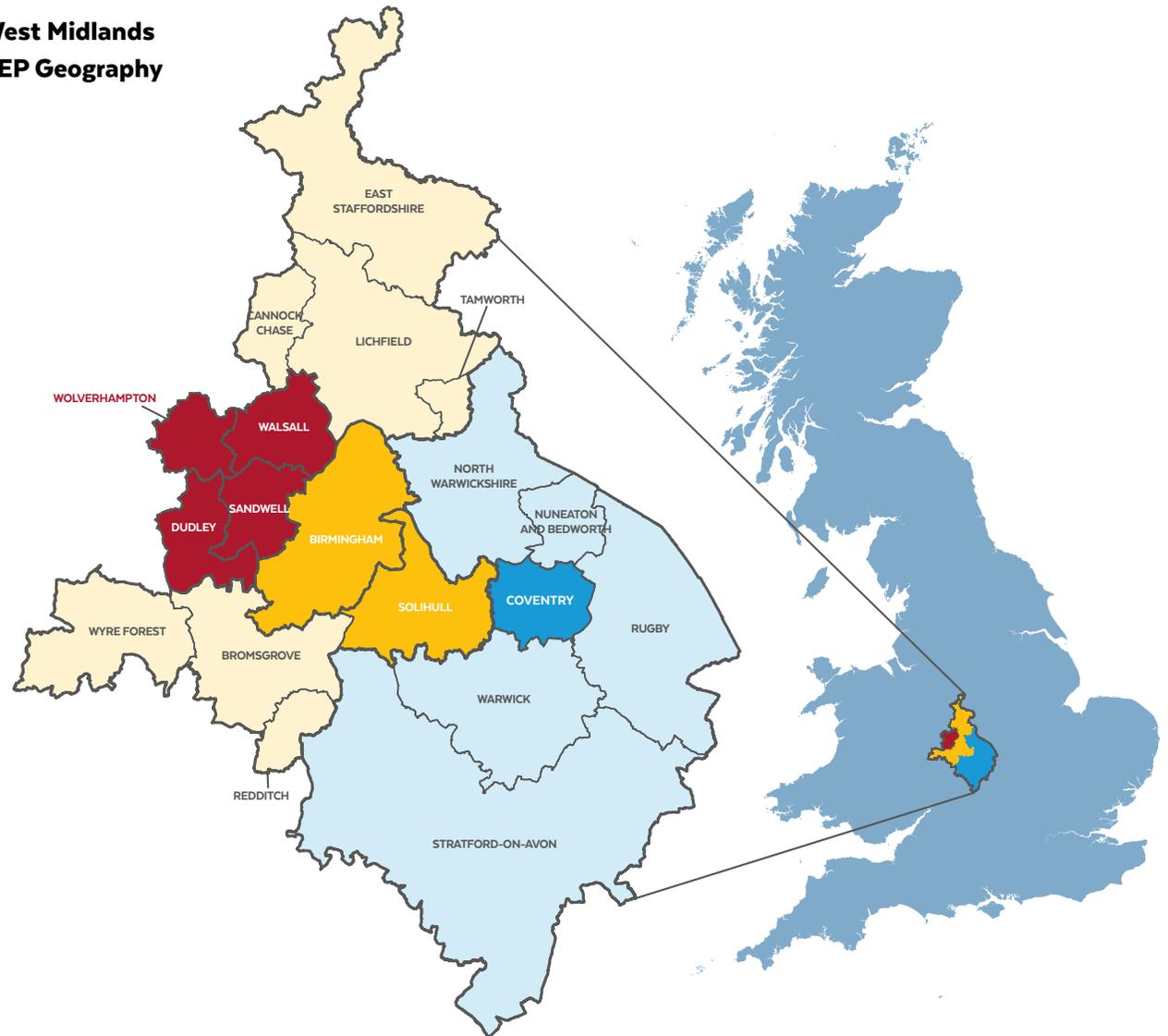
**The West Midlands Combined Authority refers to the new governance structure being initiated for the West Midlands by the seven Metropolitan Authorities. It will initially consist of the Metropolitan Authorities. Leaders of the Metropolitan Authorities have made an open invitation to other West Midlands Councils to join the West Midlands Combined Authority.**

The West Midlands refers to the area covered by the three Local Enterprise Partnerships: the Black Country LEP, the Coventry and Warwickshire LEP, and the Greater Birmingham and Solihull LEP.

The Midlands Engine refers to the growth and reform vision for the Midlands as articulated by the Chancellor in his speech on 1 June 2015.

Metropolitan Authorities (or Metropolitan Councils) refers to the seven Metropolitan Councils: Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, Walsall Metropolitan Borough Council, City of Wolverhampton Council.

## West Midlands LEP Geography



# Foreword

Historically, the West Midlands was the “workshop of the world”. Now the challenge is to become the engine of the British economy, driving jobs, prosperity and economic growth. In recent years we have made big strides towards this, with high growth, and record investment. But that’s against a background of lower growth in the 1990s and 2000s. Building on the strong foundations that have been laid, our ambition is for the West Midlands to help rebalance the UK economy, closing the £16bn output gap, and leading the Midlands Engine.

In stepping up to this challenge we need to work together across geographic boundaries and sectors, recognising the crucial role the private sector has to play in increasing competitiveness and productivity. This will deliver the conditions for business to flourish, creating more skilled and better paid jobs, bringing more investment into the area, improving health outcomes, reforming public services and reducing the region’s welfare bill. By doing this, the Midlands Engine will provide a better and fairer deal for people across the region.

The Leaders of the seven Metropolitan Councils of the West Midlands believe a Combined Authority – where every Council works in equal partnership alongside our Local Enterprise Partnerships – will establish a robust framework which will deliver the co-ordinated decision-making needed for modern economic governance.

A Combined Authority for the West Midlands is a critical building block in the delivery of our vision for a stronger Midlands engine.

Economic markets and the businesses serving them are no respecters of administrative boundaries. We believe the area being proposed for the West Midlands Combined Authority – covering the three Local Enterprise Partnership areas – represents a highly connected economic market area that can only benefit from close working on a number of key issues.

The proposals outlined in this statement aim to show how we can strengthen our relationships and focus on the issues that really matter to people and businesses in the West Midlands. The establishment of a Combined Authority provides us with a unique opportunity to drive forward a series of joint objectives in support of economic growth and progressive public sector reform. Our objectives must be to amplify the competitiveness, productivity and profitability of private sector enterprise which will be our engines of growth. By doing this we can create a strong and innovative partnership for economic governance second only to London.

Leaders of all seven Metropolitan Councils are committed to a Combined Authority for their area, but all agree that a Combined Authority covering the much wider and important geography across

the three Local Enterprise Partnership areas is crucial. This could involve 13 more councils joining the West Midlands Combined Authority. Currently District and County Councils are actively engaged in a dialogue around the creation of the West Midlands Combined Authority and are still working through the implications of joining. As we work to both develop the new economic strategic plan that will underpin the work of the West Midlands Combined Authority and the supporting governance structures, all Councils will work together over the coming months positively and constructively to deliver the very best outcome for the West Midlands.

We are ambitious for our region, its people and businesses. We value it for many things, not least for its diversity, its culture, its landscape and environment. But we will not over-promise. What is set out here is a deliverable set of initial propositions. We will build the trust and confidence of all those who choose to work with us. We are committed to partnership, innovation and enterprise. But above all, through the work programme the West Midlands Combined Authority will develop, we can lead our region to a better future and its rightful place as the engine of the UK economy.

Ministers visited the West Midlands recently to outline their challenge to us. This is our region’s response. It is our first statement, but by no means our final word. This is just the beginning of the journey.





# Combined Authority – Statement of Intent

**We write as the Chairs of the Black Country, Coventry and Warwickshire and Greater Birmingham and Solihull Local Enterprise Partnerships (LEPs) to welcome your Statement of Intent to create a Combined Authority embracing our collective LEP areas. We recognise that this is an important step to enabling further economic growth at a faster pace for our areas whilst undertaking necessary public sector reform and, in due course, achieving further devolved powers from Government.**

We believe there is already a strong economic foundation on which to build the Combined Authority, based on recent private sector led growth in our respective LEP areas. The economic statistics show that we are beginning to address many of the issues that have previously held back this region. This recent success has been based on a very strong collaboration between the public and private sectors, which has included the joint setting of strategic objectives and the development of innovative and cost effective delivery models.

**STEWART TOWE, CBE**  
Chair, Black Country LEP



We have developed enduring partnerships and the Combined Authority offers us a further and exciting opportunity to show the country how public and private sectors working together can deliver jobs and growth. Maintaining this collaborative approach as the Combined Authority develops is a key principle for our collective success. Furthermore, a private sector that is the focal point of our future economic development decisions will allow effective interventions to be created that address the barriers to business growth and competitiveness. Jointly, we must work together to ensure that we gain greater economic outcomes than we can achieve as individual LEPs working collectively. In doing so, we should look to tackle the stubborn issues that remain within our economy, such as improving the levels of productivity and worklessness.

We are committed to work with you to assess and deliver this “economy plus” model and would be pleased to lead in the creation of an overarching Strategic Economic Plan (SEP) for the Combined Authority, based on a refreshing of our current SEPs and reflecting the benefits that can be achieved through a greater combining of our efforts. This will be a key document for the Combined Authority, which will clearly establish the economic and investment priorities for the future. Our approach will be based on a detailed economic analysis, an honest appraisal as to where

**JONATHAN BROWNING**  
Chair, Coventry & Warwicks LEP



further opportunities for improvement lie, and the development of innovative joined up solutions for further private sector growth and investment and public sector reform that will underpin our future dialogue with Government.

We are pleased that, as Metropolitan Authorities, you have begun to engage with the District and County Authorities that make up our full LEP areas. Gaining the full commitment of all our local authorities should now be a top priority. We believe that a Combined Authority, including all of these partners, is critical to achieving maximum economic growth. We will continue to work with you to facilitate this full and nationally unique economic partnership.

In conclusion, we are pleased that the Metropolitan Authorities have come together to create a Statement of Intent around the formation of a Combined Authority. We look forward to working with you to evolve this further such that, working across our full LEP geographies, we create jointly an economy that is the strongest outside London and contributes fully to the Government’s vision of a wider “Midlands Engine for Growth”.

**ANDY STREET**  
Chair, Greater Birmingham & Solihull LEP



# The case for the West Midlands Combined Authority

**We intend to create the most effective Combined Authority in the country in order to propel our economy to further growth than can be achieved at present. Working together as three Local Enterprise Partnerships and up to 20 Councils, we will achieve far more than any of us could ever deliver separately.**

## We are building on a sound base

The three LEP areas which make up the West Midlands annually contribute more than £80bn of Gross Value Added (GVA) to the UK economy. In 2012/13, the region's output grew by more than 4%, one of the fastest growth rates in any region of the UK, demonstrating the impact of our growing public and private sector collaboration.

The West Midlands is home to a number of the UK's most strategically important businesses including Cadbury, Deutsche Bank, JCB, Jaguar Land Rover, SCC, MG Motors, ZF Lemforder, Hydrarforce, IMI plc, Tata, Aston Martin, BMW, Rolls Royce, Alstom, Ricardo, Lear, Meggitt, Unipart, Delphi, Bosch, Eon, GE Energy Power Conversion UK Limited, Tulip Limited, International Automotive Components Group Limited, Carillion PLC and Halfords Group PLC.

It is also home to some of the fastest growing SMEs in Britain according to the latest Inspire Britain 2015 report produced by the London Stock Exchange - these companies have on average doubled their revenue in the last four years, examples include In Touch Games Ltd, Select Health Care Ltd, Jerseytex Ltd, Fire Glass UK Ltd, G&P Group Holdings Ltd, Accura Group Ltd, Stoford Projects Ltd, Insurance Factory Ltd, E.sidwell, Norman Hay Plc,

Elmdene Group Ltd, Convergence (Group Networks) Ltd and Hardyman Group Ltd.

Renowned for its automotive and advanced engineering prowess, the West Midlands' economy has become more diversified in recent years with significant numbers of jobs created in the life science, financial and professional services, and digital and creative sectors.



## An international economy

Our strong internationally competitive economy, our productive companies, sophisticated supply chain networks, our global businesses, and our location at the heart of the national transport network mean that we are uniquely well placed to deliver additional jobs and GVA for the UK economy. We are responsible for just 6% of the UK population but 10.5% of exports.

Our markets are truly global. While 40% of our exports are to the EU, the top international markets for the West Midlands are China and the USA. International investment is increasing as well. The number of foreign investments has increased by 73% in the last year, generating 9,168 new jobs. We need to build on this base to build an internationally focussed, high productivity economy.

## An innovative economy

We are renowned for our innovation. Our businesses account for almost 10% of UK research and development (R&D) expenditure, much of which is delivered in partnership with local universities.

We have some of the best performing educational institutions in the country. Our universities have particular strengths in digital technology and computer science, healthcare, business administration, engineering and technology, and education.

Additionally, the region has a range of internationally recognised research institutions. These specialise in fields such as automotive design and development, polymer research, ceramics and science and technology.



## An economy in transformation

We have ambitious plans to build on these strong foundations. As the largest infrastructure project in Europe, High Speed 2 (HS2) will be an economic catalyst for the West Midlands. Complemented by a local connectivity programme to ensure its benefits ripple out across the region, HS2 will attract and develop new skills, generate new jobs, re-shape the region's road and rail networks and stimulate significant growth in supply chains.

To complement the HS2 project, two world class stations for the high speed rail network at Curzon and UK Central will be delivered. In addition, we are investing £600 million in a major redevelopment of New Street Station, extending the Midland Metro tram network at a cost of £250m with the first phase set to complete in October 2015, and upgrading Birmingham Airport and the M42 nearby. We are committed to building a transport network that will match the best in Europe.

## Metropolitan rail and rapid transit network map - the vision



**1.7 MILLION**

**JOBS IN TOTAL**  
rising private sector employment

**+43,000 JOBS**  
BETWEEN 2009-2013



**1.3 MILLION JOBS**

in the  
**PRIVATE SECTOR**



**£7 BILLION**  
**EXPORTS**

OVER  
**130,000**  
BUSINESSES



**ONE OF THE TOP**  
**PERFORMING AREAS**

FOR FOREIGN AND DIRECT  
INVESTMENT (FDI) IN THE UK



172 INWARD INVESTMENT  
PROJECTS IN 2013/14 (74% RISE)

CREATING OVER  
**9,000 JOBS**

**THIRD LARGEST**  
**EXPORTING REGION**  
— IN THE UK —

**£6.5BN**  
OF GVA  
FROM  
**MANUFACTURING**



**BILLION OF GROSS**  
**VALUE ADDED (GVA)**

contributed to the UK economy

% OF EMPLOYEES IN  
**MANUFACTURING**

IS **50%**

**HIGHER THAN**  
**THE AVERAGE**  
FOR ENGLAND



**FASTEST**  
**GROWING**  
LEP AREAS AT  
**4% GVA GROWTH**

HOME TO  
**4 MILLION PEOPLE**  
LIVING IN 1.7 MILLION HOMES



**300,000 JOBS**  
IN HIGH VALUE  
**MANUFACTURING**





## Even with these strong building blocks we face three major challenges.

- 1** The **international challenge** facing all cities because of the global urbanisation trend.
- 2** A **national challenge** to rebalance the UK economy through the Midlands Engine.
- 3** A **regional challenge** reflecting structural issues within the Midlands economy.

### 1. The international challenge

The world is in the grip of rapid urbanisation accompanied by an important gravity shift in the global economy both eastwards and southwards. More than 1.5 billion people live in the world's top 600 cities today. By 2025, that number will have risen to over 2 billion. Cities are the principal drivers of the world's economic growth: those 2 billion people will produce \$64 trillion of economic growth, that is to say 60% of global GDP. As a direct result of urbanisation, we are going to witness a very significant increase in global income from a current base of some \$20,000 per capita to a projected average of \$32,000 per capita in 2025.

The growth in purchasing power which will accompany the growth in per capita incomes will potentially open new markets for British products, but may also close doors as manufacturing is shifted closer to the source of consumption and supply chains are consequently realigned.

Our aim is to ensure that the Midlands economy is appropriately positioned to capture more than its share of this global GDP growth. To achieve this, size will matter more than ever before. Larger cities attract skilled individuals, capital for investment, and economies of scale. Our businesses need access to a highly skilled workforce, investment to finance their development, and first rate infrastructure. So in order to provide the essentials for our economic growth, we have to begin to consider and promote the region as one market area governed in a more joined-up fashion than is currently the case.

This is what will enable us to offer those who live in the Midlands the greatest access to skilled jobs, reasonably priced homes in the right places, and education and healthcare to be proud of.

### 2. The national challenge

The UK economy is out of balance. It is dominated by London and the South East. If the West Midlands economy grows at the rate of the London economy until 2030, rather than its slower trend rate, then this will add a further £24.6 billion to the regional economy. The problem is not that London is too big but that the Northern and Midlands cities have not grown strongly enough. They are too small. Nor is this about a zero sum game. It is not about merely shifting jobs and economic growth from one part of the country to another. It is about promoting and establishing the right conditions for economic growth.

The Chancellor opened this debate last year when he spoke of the need to rebalance the UK economy. He introduced the Northern Powerhouse concept. We are now responding in our own terms, through the creation of the West Midlands Combined Authority at the heart of a Midlands Engine.





### 3. The regional challenge

Britain is in the grip of what has been termed a productivity paradox. Growth has improved over the last couple of years. But because the level of employment growth has exceeded the growth in output we have seen a decline in UK productivity. This has also been true in the West Midlands.

The reasons for this are complex and inter-related. They are summarised below.

#### i. A skills deficit

The West Midlands suffers from a significant shortage of skills both at the lower and higher ends of the skills spectrum. The region's share of people with no qualifications is higher than the national average. The percentage of the population with skills training at or above level 4 is only 21%, significantly worse than the average across England and Wales at 27%.

The skills deficit across the region is reflected in the high level of unemployment (9.3%) across the 7 Metropolitan Authorities. If unemployment across the West Midlands was to fall to match the England average there would be some 14,500 less claimants resulting in a saving in excess of £35 million per annum in benefit spending. If the skills profile of the West Midlands was to match just the England average, so that an additional 19,000 people were qualified to level 4, GVA would increase by an estimated 1.7%. Even better, raising our skills levels to be best in class would increase GVA by 9.9%.

#### ii. A legacy of worklessness

The scars from economic change can be seen in an economic activity rate of 74.1% compared to a national average of 77.2%, meaning that there are 77,700 people out of the labour market. There are encouraging signs of improvement with the unemployment claimant count across the West Midlands

falling to 67,078 in May 2015 from a high of 146,160 in 2010. And there are excellent examples of innovative employment initiatives in operation across the West Midlands, such as the recently announced Work Coaches programme. But we know we need to do much more.

#### iii. A public service challenge

The public services have had an unprecedented period of investment. New hospitals and schools are a feature of many communities. Education standards are improving and people are living longer. But financial pressures are mounting. Cash constrained budgets are becoming more stretched. At the same time the pressures on public services are becoming more complex. As a result, services are less able to meet the service needs of our population. Old ways of running services seem not to help people out of dependency whilst the increasing costs of technology and reducing budgets combine to create the need to look again at how costs can be reduced and outcomes improved. That means tackling the hard issues: complex dependency, mental health and the challenges of ageing well. We have established a Public Services Board, co-chaired with West Midlands Police, to drive reform and look at system changes that can reduce demand, such as targeting re-offending and criminality.

#### iv. A connectivity challenge

We need a fully integrated rail and rapid transit network that connects our main centres with quick frequent services, and that increases the number of people who can readily access HS2 stations and main centres. By delivering this, we will reduce transport's impact on our environment, improving air quality, reducing carbon emissions and improving road safety. The resulting network will enable the efficient movement of goods to enable businesses to connect to supply chains, key markets and strategic gateways.



## The economic geography of the West Midlands

The West Midlands Combined Authority is based on an extensive Functional Economic Market Area (FEMA) assessment, which tested whether the geographic area covered by the three LEPs was markedly more coherent in economic terms than each of the individual LEP areas separately. At the heart of this work was an analysis of Travel to Work Areas (TTWAs), migration data (to analyse where people move house to and from, which demonstrates whether housing markets are interconnected), and the interrelationship between these. Assessing these factors establishes what is called the “self-containment” ratio. This work was then extended with a detailed analysis of those industrial sectors in which all three Local Enterprise Partnerships have specialisations, and how the Midlands supply chain creates a coherent eco-system across the West Midlands area. This work further strengthens our case for the West Midlands to be considered as a Functional Economic Market Area.



**90%** OF THE POPULATION OF THE PROPOSED COMBINED AUTHORITY AREA **LIVE AND WORK HERE**

The table below shows that each of the three LEPs individually has a self-containment ratio of between 71% and 77% (depending on the methodology applied).

Area	Resident in-work population within area	Total resident in-work population	Self-containment percentage
Black Country LEP	298,000	419,000	71%
Coventry and Warwickshire LEP	263,000	341,000	77%
Greater Birmingham and Solihull LEP	514,000	677,000	77%
<b>WMCA (the three LEPs combined)</b>	<b>1.29 million</b>	<b>1.44 million</b>	<b>90%</b>

When the three LEP areas are considered as a combined area, the self-containment ratio rises to 90%. Clearly, self-containment percentages tend to rise as the geographical area under consideration is widened. However, the 90% statistic is important. It effectively means that if a Combined Authority covering the three LEP area is established, decisions subsequently taken by that body, for example affecting transport or skills, will be effective in covering 90% of the labour force.

The 90% self-containment ratio is at the higher end of ratios for the five other Combined Authorities already in operation as shown below:

Combined Authority area	Self-containment percentage
North East	93%
West Yorkshire	91%
<b>West Midlands</b>	<b>90%</b>
Greater Manchester	89%
Sheffield	85%
Liverpool	83%

This section has shown why we think it’s so important we work together for the benefit of all in the West Midlands. This is our commitment. The next section sets out our agreed principles, one of which is to ensure that all communities benefit. To seek to achieve this, we will demonstrate an objective means with which to assess interventions, or the design of programmes, so that these are aligned to our balanced economic outcomes for the West Midlands Combined Authority.

# How the West Midlands Combined Authority will work

**The West Midlands Combined Authority vision will require a high degree of collaboration between its constituent Councils and the three LEPs. But the collaboration does not stop there. In the private sector, key business leaders and employer organisations, such as the Chambers of Commerce, have a vital role to play. In the public sector, the police and health commissioners and providers of every kind are going to be vital to the delivery of our vision. The university sector, further education colleges and the third sector will also play a significant role. We are committed to finding the most appropriate means of involving all our stakeholders and progress with our proposals as we begin the delivery of our vision for the West Midlands and the establishment of the Combined Authority in April 2016.**

## The role of the West Midlands Combined Authority

A Combined Authority is the administrative form by which Local Authorities can act together to deliver their economic and transport objectives and coordinate the functions that deliver them. By working in this way, members focus on shared strategic priorities that are best addressed at a scale above local boundaries. Examples are transport and skills. People cross Council boundaries every day as they travel to and from work, education and their homes. It makes sense for local authorities to collaborate in these areas in such a way that opportunities for people to work, to learn, to enjoy their leisure time and to access public services are maximised. That in turn helps places to be more efficient, more prosperous, and more effective in delivering what people need.

So a Combined Authority is an important mechanism which enables cities and regions in England to both achieve the scale needed to compete internationally and to remove the boundaries to joined-up government and policy making.

## Combined Authorities and the existing local councils

Combined Authorities do not take power away from local councillors or the individual communities they serve. On the contrary, the existing local authorities remain in place and collectively form the Combined Authority with their partners. They remain “sovereign” and the principle of subsidiarity, whereby decisions are made at the spatial level closest to the people ‘on the ground’, applies. The regions that have already established Combined Authorities have already shown themselves to be in a better position to negotiate with government the devolution of power and resources from the national to the local level.

The membership, the powers and the mode of operation of a Combined Authority are decisions for existing Councils to take.

## Our working principles

We will have an approach based on partnership and collaboration. Our principles are clear:

- We are committed to collaborative working on the creation of a Combined Authority at the heart of a Midlands Engine covering the geography of the three LEPs
- The prize is strong economic growth for the West Midlands as part of a Midlands Engine and a rebalancing of the UK economy
- Growth requires smart investment, investment will be focused where the biggest outcome for the Combined Authority can be achieved
- Our pursuit of growth will be accompanied by an agenda of innovation and public service reform that will reduce the overall level of public spending
- We are committed to collaborative working with the private sector as the primary driver of economic growth and will work with them in establishing the economic priorities of the West Midlands Combined Authority
- All communities will benefit from growth, but not necessarily at the same time or in the same way

The delivery of the West Midlands Combined Authority and its cornerstone projects can't be done by us alone. The achievement of our goals requires new ways of working between the local authority partners, the three LEPs and a range of private sector and national government partners too.



# Early priorities for the West Midlands Combined Authority

**The West Midlands Combined Authority will have five early delivery priorities, which we set out below. Our approach to these will be driven by four overarching themes:**

- collaborating to make the region act as one place
- creating the jobs of the future
- reforming public services to give people the help they need to succeed
- connecting the region more effectively internationally, internally and with neighbouring areas.

We will also establish three major independent Commissions to inform our future work which we expect to be co-commissioned with Central Government as they represent critical shared challenges.

## a. Development of a Strategic Economic Plan

As part of the process of bidding for local growth funds, each of the three Local Enterprise Partnerships produced a Strategic Economic Plan in 2013/4 setting out their area's strategic economic priorities and establishing the case for investment in a number of key projects.

The three LEPs have agreed to work with Metropolitan Authorities to produce an overarching Strategic Economic Plan for the West Midlands, which will clearly demonstrate how the co-ordinated governance approach will add value to the region. At the same time, each of the three LEPs will also update and refresh their own Strategic Economic Plans. This family of plans, which will become key documents for the region, will clearly establish the economic and investment priorities for the future. The plans will then inform other relevant strategies including the preparation of a high level Capital Investment Programme, which will both identify the future financing requirements of the region, and provide a framework for the securing of those funds. The intention will be to complete this work by early 2016.

## b. Access to finance and a Collective Investment Vehicle

Working closely with their Local Authority partners, the three LEPs have developed a strong history of delivering innovation funding vehicles, linked to growth deals with government and using mechanisms such as Enterprise Zones. They have also worked together to improve the availability of finance for local businesses.

Building on this, and other experience, the formation of the West Midlands Combined Authority will provide the opportunity for a fresh look at the way in which the constituent LEPs and local

authorities each source investment finance for the delivery of major regeneration and development proposals. It will focus on driving co-ordinated investment from both the public and private sectors.

The intention is to create a Regeneration and Development Growth Board to lead this work. This Board will oversee a portfolio of major development projects, considered critical for the Combined Authority to achieve its GVA growth target. Supported by a small team drawn from across the local authorities and the three LEPs, the Board will also build, and extend, existing relationships with investors, financiers and banks, and will be set a targeted figure for the external investment they will leverage into the West Midlands Combined Authority area.

A range of investment mechanisms will be devised including the Combined Authority's Collective Investment Vehicle. This will be a revolving fund, to either deliver schemes which might not otherwise attract sufficient third party investment or alternatively to accelerate the delivery of schemes which might otherwise come forward, but in a slower than desirable timeframe. Other investment mechanisms are also under consideration including one to bring economic benefit from re-using brownfield sites. Work is currently on-going to scope the development pipeline for these and the Collective Investment Vehicle.

## c. Getting the transport offer right for the long term

The strategic transport network plays an important role in supporting economic activity and growth. It enables access to markets nationally and internationally, improves labour market efficiency, unlocks employment and housing sites, reduces the cost of doing business, stimulates business investment and innovation and attracts global economic activity. Conversely,

constraints imposed by the transport network act as barriers to growth in the Midlands and challenges exist such as traffic congestion, delays, poor journey reliability and the need to see further investment in rail and rapid transit networks. This is impacting on the competitiveness of both the Midlands and the wider UK economy.

We have a strong track record of delivering transport investment into the area, but more is needed. Midlands Connect and the West Midlands Strategic Transport Plan are key initiatives which are creating options for investment in our network to radically improve connectivity, accessibility to HS2 and beyond, business efficiency and our built and natural environment.

We are committed to develop a programme of transport interventions required to ensure we deliver our vision and it will be supported by an investment package for their delivery.

#### d. Creation of an economic policy and intelligence capacity

We have a bold agenda for change across the West Midlands based on what we already know about our region. However, we are also conscious that future strategic decisions should only be taken on the basis of the empirical evidence supporting both the problem and the solution. Economic expertise across the region is currently dissipated across the three LEPs, local authorities, universities, the private sector and other stakeholders. We plan to establish an economic intelligence hub which will gather the evidential data required to support better decision making. This unit will ensure that the economic data required to support the Combined Authority's growth and public sector reform agendas, as laid out in the new SEP, is appropriately gathered, analysed and presented to politicians to facilitate more informed decision making.

#### e. A joint programme on skills

The education, employment and skills system is highly complex and consists of multiple markets operating within funding and regulatory mechanisms that too often compete with each other and can drive unintended behaviours and consequences. The system is too complex for people or businesses to navigate without support and the limited support that is available is patchy and can be biased towards certain provision that may or may not be in the best interests of the individual or business being supported. There is extensive duplication of effort across the system leading to waste on a colossal scale as well as wide spread confusion and diffusion of impact.

The Greater Birmingham and Solihull LEP has been investigating and identifying opportunities for a radical change to the way that the skills system operates through a model of devolution that enables the alignment and simplification of support to both individuals and businesses with an explicit connection between the two. Key to the success of this approach will be a single strategic framework for employment and skills with a single set of KPIs that are adopted by the Combined Authority. Our strategy focuses on the identification of current and future employment opportunities and supporting local people to access those opportunities whether they are in formal education (Ignite), in work (Accelerate) or unemployed (Re-Tune).

The three LEPs have come together to refine this approach. Drawing on the Greater Birmingham & Solihull LEP work and the Wolverhampton Skills Commission, they will deliver a proposition to Government at the end of July 2015 outlining a model for radical reform of the whole skills system that will reduce unemployment, raise skills levels and make a significant contribution to raising productivity.

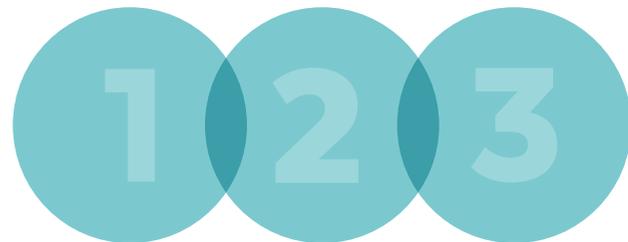




## Appointment of West Midlands Commissions

Increasing the rate of growth of the West Midlands and addressing the national competitiveness and productivity challenge is a high priority. We need to support its economy, its businesses, and the people of the region to improve their skills and health as well as to make the best of the physical and other assets we have.

We take it as our number one challenge that we must grow our economy beyond the current projections. We must make our already world-class business base stronger and better still. We also know that we will need to look hard at some of the bigger and underlying issues we face to achieve this: to improve our competitiveness and productivity; to attract greater business investment; to develop our people's skills; to bring more land and buildings back into productive use; and to look at how, through improving mental health, we can make progress in some of the most intractable problems of public service reform.



WE PROPOSE TO ESTABLISH  
**THREE MAJOR NEW INDEPENDENT COMMISSIONS**  
TO HELP US SHAPE THE AGENDA OF  
**THE WEST MIDLANDS ENGINE**

We therefore propose to establish three major new independent Commissions to help us shape the agenda of the West Midlands Combined Authority. Support from the Government will be sought to deliver these Commissions, both through the appointment of a Chair, and with a commitment that Government Departments and Agencies will work with each Commission to deliver its objectives.

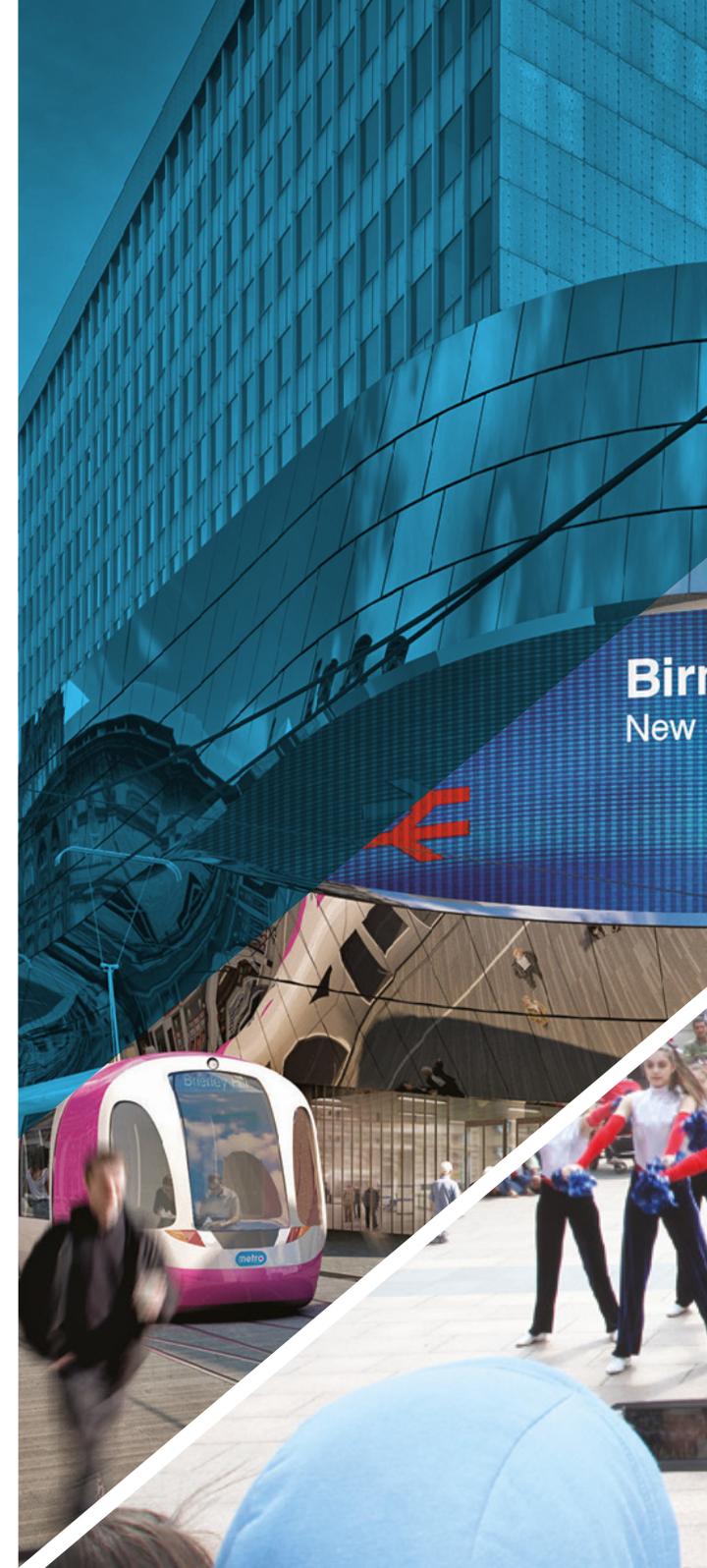
Each of these three independent Commissions will begin work immediately and independently to bring forward initial ideas for consideration later this year to inform the further development of our proposals for the West Midlands Combined Authority.

## The West Midlands Productivity Commission

There is no one factor which explains the UK's productivity gap. The explanation lies in a blend of factors, including historically low levels of capital investment both in plant and machinery and public infrastructure, insufficient spending on research and development, and low skills levels across the workforce.

The West Midlands has not been immune from the productivity gap. The total output gap is some £16 billion which translates to output of £20,137 per head, some £4,000 lower than the national average. There is a big prize to go for in closing this gap, hence the setting up of this commission, whose remit will be to:

- Establish the true extent of the productivity challenge in the West Midlands
- Understand the component causes of the productivity challenge and the inter-relationships between them
- Make recommendations as to how these individual causes can be addressed
- Ensure appropriate plans are developed for the implementation of these recommendations and monitoring systems exist to review their effectiveness.





## The West Midlands Land Commission

Ensuring a constant supply of land for housing and employment use that is commercially developable is critical. Whilst recognising the important roles that the three LEPs and the West Midlands Councils have taken in driving investment and development across the West Midlands, there remains a need to do more. We need to ensure that the supply of development sites can meet demand, and we need to find a way to bring brownfield land back into use. We need to ensure that the opportunities afforded for development on public sector-owned land are fully exploited. We also need to ensure that transport investment is properly linked to priority employment and housing sites.

To address these issues, a Land Commission for the West Midlands will be launched with the aim of:

- Compiling a comprehensive register of the development sites and available and vacant property available in the West Midlands region
- Preparing a comprehensive assessment of the viability of existing sites focusing in particular on the specification of a range of early opportunities for international marketing purposes
- Working with international, national and regional organisations on the identification of mechanisms which will enable sites and premises on a phased basis to be brought back into the most appropriate productive use
- Developing appropriate tools and partnerships to enable individual sites and premises to be remediated and further developed.

## The West Midlands Commission on Mental Health and Public Services

Around one in four people in the UK experience mental health problems in any given year. One in ten young people experience mental health problems before they reach adulthood. We also know that mental health problems lie at the heart of a range of our most intractable public service challenges, including the present levels of worklessness. Despite this, mental health remains too low a priority for the National Health Service.

We do not believe it is possible to rise to the challenge of reforming our public services without looking properly at the role mental health plays in driving demand for those services. More than that, we believe that tackling mental health will enable us to reduce our spending in the long run. Poor mental health is the root cause of many of our social and employment problems as well as the size of the benefit budget. All our work with the police, courts and prisons, in families, domestic violence and with children in care tells us that tackling mental health problems as and when they occur is vital to the effective reform of public services and the fulfilment of our wider economic objectives.

The proposed Mental Health Commission will:

- Assess the scale of mental health problems in the West Midlands and their cost and impact across the whole system
- Examine best practice elsewhere nationally and internationally in both health and other services areas
- Establish the relative costs and benefits within the whole system of the application of this best practice to the West Midlands
- Pilot new ways of working to test effectiveness
- Make recommendations on how the findings of the Commission can best be taken forward to reform public services in the West Midlands.



# The consultation process on the creation of the West Midlands Combined Authority

**The Midlands needs to become an engine of growth within the UK economy. The West Midlands Combined Authority needs to make a full contribution to closing the output gap which exists between London and the rest of the country. This will not happen unless we all learn from past experiences and develop new and different ways to work together, both across the public sector and in partnership with the private sector.**

The decision to proceed with the creation of a West Midlands Combined Authority is rightly in the hands of the elected leaders of the local authorities of the West Midlands. It is an important decision in which a variety of stakeholders have views which need to be fully taken into consideration.

There will therefore be a process of consultation and engagement between now and the formal launch of the West Midlands Combined Authority in April 2016.







**WEST MIDLANDS**  
COMBINED AUTHORITY

[www.westmidlandscombinedauthority.org.uk](http://www.westmidlandscombinedauthority.org.uk)

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