

# **PRODUCTIVITY AND SKILLS COMMISSION**

## Summary of Responses to the Call for Evidence



**WEST MIDLANDS**  
COMBINED AUTHORITY

# FOREWORD

The West Midlands has a clear challenge when it comes to Productivity and Skills, when compared to other parts of the UK and other industrialised nations. As the CEO Aston Martin, based in Warwickshire and a native of the West Midlands this concerns me greatly. I'm passionate about improving this situation to ensure that we have a thriving economy here in the West Midlands.

To achieve this the West Midlands Combined Authority (WMCA) Productivity and Skills Commission was launched on 5th April 2017 and as its Chair I am keen to understand why the West Midlands as a region underperforms compared to other parts of the UK, only then can we set out implementing improvements. The first task of the Commission was to launch a call for evidence, with the ambition of developing growth and productivity in the West Midlands. The Call for Evidence was designed to invite feedback and inform thinking on what is holding back the region in terms of productivity and skills and what the practical actions are that WMCA can take to address this.

The Call for Evidence received thirty five detailed responses from a wide range of stakeholders including businesses and business representative groups, educational institutions, local authorities, LEPs and think tanks. These responses have provided a wealth of information that the Productivity and Skills Commission can use to better understand productivity and skills issues in the region and the actions that should be taken to address these issues.

This document summarises the responses received, but it by no means captures everything. We will be taking some deep dives into specific areas as the commission progresses and will want to hear more about the ideas and points that have been put forward.

I would like to thank everyone that took the time to contribute to the Call for Evidence.

Sincerely

Dr Andy Palmer CMG  
Chair of WMCA Productivity & Skills Commission

The Call for Evidence was structured around the five key drivers of productivity first set out in “Productivity in the UK: The evidence and the Government’s approach”. They are:

- Innovation
- Skills
- Enterprise
- Investment
- Competition



**WEST MIDLANDS**  
COMBINED AUTHORITY

# INNOVATION

As the West Midlands Science & Innovation Audit (SIA) was underway when the Commission was launched it was decided that rather than potentially duplicate this piece of work the Commission would consider its findings and use the recommendations to shape its actions going forward.

The evidence collected as part of the SIA process suggests that the various components of our Innovation Ecosystem are generally working well and are highly successful. Alongside our very strong asset base in both science and innovation we have a well-developed set of networks and relationships, and a longstanding policy commitment that provides fertile ground for supporting and embedding innovation behaviours across our business base.

“WMCA should continue to seek to position the area as a priority for national investment in innovation, building capacity around its existing centres of expertise including WMG/Advanced Propulsion Centre and the HVM and Energy Systems Catapults.” **Solihull MBC**

However, continuing to build and maintain the innovation ecosystem is vital as it underpins our ability to exploit our excellent science base to improve productivity and prosperity. The following challenges to developing the innovation ecosystem have been identified:

- The low skills levels in the region is the greatest weakness in the ecosystem
- Our ability to secure funding from the public and private sectors could be improved, including both R&D resources and funds for process scale up or capital investment required to move from R&D to increased productivity
- We need to continue to drive higher levels of knowledge exchange between the universities and business and across technology areas/sectors
- Access to ERDF monies has played an important role in helping us to build our innovation ecosystem. The loss of this source of funding could be very detrimental if no alternative is made available
- We must continue to develop our physical infrastructure to keep up, and anticipate the need for grow-on space as we encourage the growth and development of our innovative businesses
- Maintaining a geographic spread of assets and networks is also important to make it easy for start-ups to find supportive locations and for easy engagement of SMEs with science and innovation bases.

The SIA audit process has identified three Enabling Competencies that characterise our modern knowledge-economy, and where we have both a concentration of assets, and genuine expertise across the private and public sectors:

“We need to continue to enhance the region’s innovation ecosystem and ensure that a higher number of our SMEs are engaged in developing, testing and commercialising new products, services and technologies. This will heavily involve delivering on the recommendations of the recent WMCA Science and Innovation Audit across the region.”

**Black Country LEP**

- Advanced Manufacturing and Engineering: reflecting our pervasive leading-edge technical knowledge, and practical know-how in the research and industry base, in designing, validating, producing, and servicing new products and industrial processes. The competence supports a broad and integrated range of sectors and markets – including food and drink manufacturing, automotive, aerospace, rail, electronics, construction, and energy.
- Digital Technologies and Data: with strengths in the area’s academic, research and industrial base in exploiting and understanding big data, analytics, simulation and modelling and the use of digital technologies and media in product, process and service development and commercialisation across the full range of markets and sectors.



**WEST MIDLANDS**  
COMBINED AUTHORITY



- Systems integration: assets, expertise, and insight in the area's academic, research and industrial base on how increasingly complex systems – including energy systems, manufacturing processes, service delivery, and logistics – can be better designed, managed and operated, to deliver improved performance and outcomes.

These Enabling Competencies underpin and support our four specific areas of market strength where there is existing excellence and major growth opportunities for the future, so they should be supported through continued efforts to develop and impact across our range of market strengths.

The four Market Strengths identified in the SIA range from established world class strengths, to markets in which we are just beginning to realise our full potential, but all have significant scope for on-going development that will increase the productivity of the WM SIA geography:

- Next Generation Transport: building on a critical mass of globally competitive businesses, and technically specialist SMEs, operating within and across a range of transport-related industries, with a focus on the automotive and aerospace sectors, and their reinforcing supply-chains. Significant opportunities for growth are provided by the next generation of rail technology, in part through links to HS2, and connections with the Midlands motorsport cluster centred in and around Silverstone.
- Sustainable Construction: grounded in the significant construction industry across the area, and the R&D and commercial deployment by industry of energy efficient and lower carbon building technologies, across commercial and residential construction and infrastructure, leveraging the scale and quality of our education, research and technology transfer base. We have the opportunity to buck the trend of construction being one of the UK's least innovative sectors (BEIS Innovation Survey 2015).
- Energy Storage and Systems: grounded in scientific excellence across our knowledge base, we have significant potential in the development and commercial application of a range of technologies in energy storage including batteries (materials and chemistry), and hydrogen storage, and in supporting the developing of effective energy systems covering the development, deployment

and use of intelligence to integrate the actions of all the components in the energy system.

- Technologies for Better Health: focused on developing further our nationally-significant medical technologies sector, covering the R&D, design and production of devices, diagnostics, and software as a medical device; and the growth opportunity from the application and commercialisation of our research strengths in translational medicine, and accelerated access to new drugs, treatments and health technologies, leveraging the opportunity around Birmingham's developing Life Sciences Campus.

“We believe that the entrepreneurship-innovation incubation ecosystem needs to be specific to the demand, priority or challenge at hand, be it at a local, regional or sub-regional level.”

**Coventry University**

The WM SIA provides a wealth of evidence that can and should be used to: inform policy and guide interventions; stimulate new ideas and explore new collaborations; and strengthen cases to attract investment and external partners. The WM SIA is particularly important for the LEPs and the WMCA for whom the work was conducted as the findings can help partners deliver on the following core objectives:

- Closing the productivity gap. The SIA points in detail to market strengths and enabling competencies where support might have the greatest impact, together with evidence of areas of particular challenge in the underpinning ecosystem.
- In a strong WM innovation ecosystem, the ‘weakest link’ is a shortage of skilled people. If we are to fully exploit the market opportunities and enabling competencies identified in this WM SIA, there needs to be a stronger connection of the innovation ecosystem with local skills interventions, further exploration of targeted education and training around the emerging science and innovation opportunities and capitalisation on scarce skills by focussed innovative capital investment.
- Reform of public services across the West Midlands. The public sector is a critical part of our innovation ecosystem and in some of our market priorities and enabling competencies, partners are already actively engaging with research and

innovation agendas. Continued support and collaboration could allow science and innovation to play a significant role in the public sector reform programme, not just improving efficiencies, but enabling completely new ways of delivering services. The UK Industrial Strategy looks set to place emphasis on stimulating innovation through procurement, including the extension of the Small Business Research Initiative (SBRI) and driving changes in public sector procurement practices; this is an opportunity to be exploited in the West Midlands.

By grasping the currently favourable national policy context, there is an exciting opportunity to realise the potential identified in the WM SIA, by taking forward the following with Government and local partners:

“It is important that new public funding streams are provided with long-term objectives to address market failures associated with supporting businesses to innovate, particularly in light of the UK’s impending departure from the EU and likely cessation of ERDF funding.”

**Coventry & Warwickshire LEP**

- Raising levels of business R&D investment and its subsequent exploitation is a key strategic imperative for the UK, including the WM SIA area. In the context of both devolution and the emphasis on innovation and place in the emerging Modern Industrial Strategy, a dialogue with government may be timely around incentives for product and process business innovation. For example, this could include a review of tax incentives; consideration of how in policy terms the WM can focus more on demand-led and productivity-led innovation, including via the extension of SBRI, business-led ‘Research Partnership Investment Funds (RPIFs)’ and the Industrial Strategy Challenge Fund; exploration of the industry-led sector deals being developed nationally as part of the Industrial Strategy.
- Addressing the large number of innovation inactive businesses, effort is required to increase the inclination or capacity of businesses to innovate. In part this is linked to finance, skills and leadership, but local promotion and brokerage to help business to understand the opportunity from engaging in innovation remains key. The network and knowledge transfer activities that are strong

in the WM, therefore need to be maintained and developed further. This will become more challenging with the loss of ERDF funding, unless alternative support is negotiated.

- Stimulating and steering major collaborative research and innovation projects that realise the potential from our science and innovation base. A number of the case studies presented in this SIA highlight where significant action is underway across the innovation ecosystem. A continued willingness of local science and innovation partners to develop ambitious, collaborative propositions at scale, will play a key role in developing the innovation platform and performance needed to drive-up our productivity. A particular current opportunity may be to develop proposals for the new Industrial Strategy Challenge Fund. The ‘anchor’ institutions identified in this SIA have a leadership role to play here, as well as the financial and other support that may flow through the LEPs, the WMCA, wider Midlands Engine and national funding.

“There needs to be support to encourage a fairer distribution [of catapult and innovation districts] and also the creation of ‘spokes’ off successful catapult centres to encourage the sharing of research, innovation and best practise across the region and across sectors.”

**Telford & Wrekin Council**

Taking hold of the findings of the SIA, and acting to realise the potential identified will require strong leadership, and appropriate governance and executive structures. The ‘anchor institutions’ and other innovation ecosystem partners all have major roles to play, but the existing innovation committees (or equivalents) and resources of the LEPs will also be key, as will the proposed WMCA Innovation sub-Board, and the support structures that emerge around it.

The collective challenge will be to develop and implement a whole range of complementary interventions designed to strengthen our Innovation Ecosystem, exploit our well-evidenced Market Strengths and leverage our pervasive Enabling Competencies. The prize is a significant one – helping to secure sustainable improvement in our long-term productivity performance.

# SKILLS

The questions relating to Skills had the highest response rate with a huge amount of information provided on existing initiatives and best practise with an offer to scale up or share practises at WMCA level. Within the responses skills gaps are generally acknowledged in various sectors (typically technical skills in engineering/manufacturing, but logistics, construction & business and professional sectors all also mentioned) as well as basic skills deficiencies in the area.

“The data suggests that employers in WMCA find it more difficult to fill vacancies for skilled trades roles than the average employer across the rest of the country.”

**Centre for Progressive Capitalism**

The consensus is that there is a mismatch between employer demand for skills and the skills available within the labour market, particularly in relation to higher level and technical skills. Deficiencies within the way that the skills system works, the confusing array of initiatives available and the disconnect between various aspects of the system are also a running themes within the responses.

“There continues to be an imbalance between the supply and demand for skills across a number of sectors including the sport and physical activity sector.”

**3 County Sports Partnership**

There is also a recognition of the impact of working conditions and well-being on the overall productivity of individuals and their opportunity to fully develop and utilise their skills.

## IDENTIFIED BARRIERS TO SKILLS DEVELOPMENT

- Low confidence; money to travel; disability/ health; caring responsibilities; poor school experiences; poor careers advice.
- Long-term unemployed being out of work a long-time is detrimental to productivity – these people are also more likely to have mental health problems. More links between employers and health and wellbeing of the workforce is suggested.
- Need to focus on adult skills as well as young people – this is often overlooked and there are a couple of suggestions for an adult learning and skills strategy.
- Perception of technical education/ apprenticeships still needs improvement. This needs to involve all stakeholders including parents.
- Need to maximise the role of universities in skills development locally.
- Low skills also linked to deprivation and upskilling seen as a key way of alleviating poverty
- In order to grow businesses employers will need a range of technical, managerial and leadership skills to exploit new market opportunities and this needs to be related to other means of business support.
- Training needs to be demand driven, targeted on real issues and specific to business environments
- There is a need for flexibility in skills provision, with unit based and “bite-sized” sector specific modules compatible to being delivered in the work place
- Targeted training support focussed on priority sectors, linked to business performance and growth.
- Skills funding is not flowing at Level 3-7
- SMEs unable to release staff as needed due to production demands.
- There are wide variations in the qualification levels of different ethnic groups which needs to be explored and understood further
- Younger residents are much better qualified than their older counter-parts.



**WEST MIDLANDS**  
COMBINED AUTHORITY

- A large percentage of residents in some wards have no or little spoken English.
- An opposite “pull” exists between skills providers and DWP, who don’t share common KPIs around skills development.
- Access to support and funding is a barrier to developing skills for those in work
- Accessible times and locations for learning can be a barrier

“Raising the quantity of apprenticeships in technical subjects is particularly important in an area like the West Midlands which relies heavily on a technically skilled workforce but continues to have skills gaps in related sectors.”

**Black Country Skills Factory**

#### POSSIBLE IMPACT OF BREXIT

- Concerns over loss of EU skills – particularly in higher education and industries like construction (8% of workforce EU born). But Brexit allows us to develop skills internally more strategically. WMCA need to lobby government for clarity on Brexit situation and urge residency rights.
- Brexit to create skills voids at all levels – and could “exacerbate the housing crisis” due to lack of construction skills with less EU migrant labour.
- There is a need to understand which areas and sectors within WMCA are likely to be impacted most if there are future restrictions on the movement of labour.

“ACLA, who have a close working relationship with the Chamber movement, believe this [Brexit] will create skills voids at all levels of the workforce.”

**West Midlands Adult Community Learning Alliance**

#### EFFECTIVENESS OF CAREERS ADVICE

- Careers advice is a fragmented, “patchy” landscape – not consistent and confusing to navigate.
- Employer engagement and the use of local labour market information are particularly essential going forward.
- More work experience and placements, and schools/industry collaboration in general is required – currently they work too far apart.
- Parents need help to become more confident to support careers advice (potentially through a website, briefings/discussions, and a printed careers publication).
- There is some evidence that the competition between post-16 providers appears to unduly influence the advice that young people receive.
- There is a lack of confidence that schools have sufficient knowledge of different progression pathways at 16, particularly in relation to vocational options.
- There is a perception of an insufficient fit between what employers need and subjects and levels being offered and studied.
- From the schools’ perspective, up-to-date information on the labour market can be hard to find
- There is also said to be a confusing array of initiatives designed to support schools each with competing demands on teacher time.

“[Careers advice] is widely regarded both nationally and locally as an incoherent, fragmented, and crowded landscape; lacking in clear strategy, and extremely difficult to navigate both for professionals and young people.”

**Black Country Careers Development Advisory Partnership**



**WEST MIDLANDS**  
COMBINED AUTHORITY



## LEADERSHIP & MANAGEMENT

- Leadership and management training is a key priority – further business support with this is suggested linked with universities, and greater focus should be placed on degree-level apprenticeships in leadership and management for people currently in work.
- Incentivising employers to train their staff – stimulating firm-level investment. Need to drive up demand from employers for L&M training and wider upskilling – can be done through promoting the benefits; employers will pay for the right training.

“On a corporate level we seek the views of our employees and outsourced business partners each year through a “Speak up” survey. Results are widely broadcast through meetings, company magazines and each part of the business commit to an action plan to ensure that the survey isn’t empty words and the message of “you said, we acted” cuts through.”

**NEC Group**

## ‘GOOD WORK’

- Link between ‘Good Work’ and talent attraction/retention. Workers are now very much more concerned with the value proposition of a job.
- Businesses need to listen to their employees and find out what it is that they would value and be important to them.
- Public procurement leavers could be used to promote ‘good work’

“Training provision will need to be better coordinated across WMCA, with clear labour market information identifying current and future skills demands. CITB would like to work collaboratively with WMCA and construction employers and training providers in the area to provide the right course content and delivery structure across the training provide network.”

**Construction Industry Training Board**

## SUGGESTED ACTIONS TO IMPROVE SKILLS

- WMCA level Strategic Employment & Skills Plan
- Provision of skills needs to be linked to the demands of employers/industry, and be employer-led (including the delivery model of FE).
- Technological changes are driving the skills needed for the future – this needs to be considered.
- Knowing what skills are needed in which sectors – WMCA has a role in gathering the intelligence, and co-ordinating joined-up, long-term skills development policy which is locally designed.
- Undertake a skills audit (regionally or promote at the firm-level) and/or develop an Adult Skills Policy document.
- Support the development of technical education routes and ensure that the region is prepared to deliver them
- Importance of soft skills, including in relation to sports.
- Joint working between DWP and DfE needs to be encouraged.
- Still need to drive the benefits of apprenticeships and maximise the value of the levy.
- Ensure unspent levy funds are not lost to the region but ring-fenced.
- Ensure that non-levy payers are also targeted to deliver apprenticeships
- Upgrading jobs in lower-pay sectors (not just focusing on ‘transformational’ high growth sectors) – this would increase productivity and raise standards of living.
- Single investment plan for FE at the CA level and exploit opportunities set out in the Midlands Engine Strategy.
- Greater College collaboration, working within a co-ordinated, integrated strategy.
- Push for the full devolution of adults and skills budgets.
- Targeted subsidies for apprenticeships in relevant technical subjects.
- Need targeted, mid-career access to new skills and refresher courses, as well as more technically focussed apprenticeships.



**WEST MIDLANDS**  
COMBINED AUTHORITY

- More linked up approach to offering careers advice that supports individuals throughout their career.
- Needs to be a clearer idea of how people can move into work, including the setting out of different pathways.
- Link with the WMCA Mental Health Commission to identify complementary and shared agendas
- Lobby to deliver a national pilot for a universal all-age high quality IAG service.
- Use devolved Adult Education Budget to match fund European funded programmes

“What we would propose to the Commission is an immediate and substantial rethink of the way in which technical education is delivered in our region through a single integrated system for development.”

**The West Midlands Further Education Skills & Productivity Group**

The Commission will be developing an Education, Employment & Skills Strategy to guide investment and prioritise actions, drawing upon the extensive evidence and ideas put forward through the response to the Call for Evidence. This will articulate in further detail how we will deliver the relevant aspects of WMCA’s Strategic Economic Plan in partnership with the LEPs and key stakeholders from across the region.

“A strategy to raise productivity should aim to upgrade jobs in lower skill, lower value sectors of the region’s economy. This is a central priority for the TUC’s work with the WMCA in the years ahead.”

**Trades Union Congress**

## ENTERPRISE

Whilst the business support landscape is shown to be varied and with a lot of valuable projects highlighted within a number of responses, it is generally noted that there is more that can be done to improve business support and thus enterprise. It is generally felt that there is no reason why the level of enterprise and the business birth rate can’t be improved.

“As well as developing additional support for fast growing firms, which would be welcome, the WMCA could play a role in connecting business leaders to the support that already exists.”

**Aston University**

Mirroring the responses to the skills questions, there was a theme that there is a huge amount of activity happening but that it isn’t as co-ordinated or joined up as it could be and can be confusing for those wanting or needing to access support.

### IDENTIFIED BARRIERS TO ENTERPRISE

- Barriers to enterprise: education/skills, finance, confidence/awareness, access to supply chains, transport, energy supply, Brexit uncertainty, digital connectivity, site availability, not enough innovation, not enough exporters.
- Under-supply of patient and venture capital.
- Unfair focus on the distribution of Catapults and innovation districts in the main urban centres in WM.
- Businesses struggling to access finance are not receiving the right advice and are misdiagnosing their own needs
- Lack of grant funding

“Finance is increasingly more abundant according to our members, but businesses struggling to access finance are not receiving the right advice and are misdiagnosing their own needs.”

**BPS Birmingham**



**WEST MIDLANDS**  
COMBINED AUTHORITY

## POSSIBLE IMPACT OF BREXIT

- Concerns about EU funded programmes – WMCA needs to do whatever possible to ensure steps are taken to replace EU programmes funding post-Brexit (such as Horizon).
- Brexit allows chance to re-jig parts of our economy so we can still compete.

“The West Midlands Combined Authority should play an active role in being the co-ordinator between groups so that people are well informed about the current state of play, how it is changing, what opportunities are available, and ways to make the most of these opportunities.”

**New Hope Birmingham**

## SUGGESTED ACTIONS TO IMPROVE INVESTMENT

- Consider an enterprise audit – understanding the current state of play within sectors in the region – WMCA needs to gather this intelligence.
- Specific support to suit the demand of employers, and tailored to different size businesses.
- Targeted support to improve business competitiveness and productivity in supply chains.
- Number of different support services can be difficult to navigate – simplifying this would help, and connecting businesses to the support already available.
- Grants, 0% loans and non-invasive equity funds need to be more accessible.
- Transition from generic to more specialist advice.
- Generally a need to provide quality business support – Growth Hub’s must be backed and businesses need to better understand the support landscape and its accessibility.
- Digital connectivity should be given the same level of importance as physical connectivity.
- New technology & servitization is increasingly vital, including the role of universities (which is often misunderstood).

“More needs to be done to engage with those that are entrepreneurially minded but lack the confidence and financial income to participate.”

**West Midlands Housing Association Partnership**

- Appetite for business leaders to help smaller firms – this should be engaged with.
- Develop and support regional investment funds such as the Midlands Engine Investment Fund as well as increased availability of information and advice on alternative finance options (such as crowdfunding).
- Growth company should champion the role of universities.
- Support to encourage a fairer distribution and also the creation of ‘spokes’ off successful Catapult centres.
- Clearer funding landscape needed.
- Deliver recommendations of the SIA, and link more businesses with universities.
- We should link all business investment programmes to skills development and recruitment of apprentices as a pre-requisite for support

“There is a clear logical connection between the health of the local population and the economic viability and productivity of the area, as most businesses draw their workforce from the local community and there is a correlation between employee health, productivity and presenteeism.”

**Public Health England**



**WEST MIDLANDS**  
COMBINED AUTHORITY

# INVESTMENT

Much of the content on the investment questions (of which there was substantially less than skills and marginally less than enterprise) agreed on the significant land constraints in the West Midlands – this is clearly a problematic area and holds back investment. Also, key sectors of strength are deemed important for future investment (as in the SIA), but also key future sectors like digital manufacturing must be prioritised.

There is a recognised shift to urban, well connected sites with occupiers increasingly locating where they can attract talent, gain flexibility and enhance operational efficiency. Transport links, the quality of local facilities and infrastructure are crucial.

## IDENTIFIED BARRIERS TO INVESTMENT

- Key barriers: ground conditions, uncertainty over access, lack of on-site infrastructure, uncertainty over power supply, broadband, ROI, skills shortages, transport, access to finance, risk aversion, Brexit uncertainty.
- Supply of land is a key barrier to attracting investment; the planning system and the process of land allocation also contribute.
- A 'land crisis' in the West Midlands which is putting a brake on more productive businesses.
- Undercapitalisation on plant and equipment.
- Lack of certainty
- Transport infrastructure

"The availability of ready to use employment land is critical to securing new investment projects."

**City of Wolverhampton Council**

## POSSIBLE IMPACT OF BREXIT

- Concern over EU funded schemes post-Brexit
- Brexit is thought likely to result in a decrease in Foreign Direct Investment.
- West Midlands has existing links with USA, India and China which bodes well post-Brexit.

"There is an urgent need to address the land barrier to investment in the WMCA area. This specific issue was considered recently by the West Midlands Land Commission. Its recommendations (particularly relating to brownfield remediation, Green Belt Review and commissioning new research in to modern business needs) should all be acted upon with urgency."

**IM Properties**

## SUGGESTED ACTIONS TO IMPROVE INVESTMENT

- There is a need to enhance the stock of available, deliverable, viable and serviced employment land for key sectors.
- Urgent need to address the land barrier to investment (backing up Land Commission recommendations).
- The profile of the WMCA on a national and international stage needs to be harnessed into an outcome for the area – to raise its reputation, which will lead to increased levels of trade and investment. Cohesive vision for the whole area is required, exploiting Midlands Engine brand.
- Opportunities for "north shoring" from London/SE and reshoring of supply chains.
- Top prize is securing HQ disciplines and credibility – HQ's bring greater engagement in a regional economy, boost jobs and skills, and foster centres of excellence around which other businesses and research institutions will cluster and thrive.
- Investment should focus on sectors of strength; there was also particular arguments posed on the importance of logistics/transport, construction & health/wellbeing.
- Greater clustering of local supply chains, including the concentration of contract awards to local businesses, would help build and reinforce our supply chains.
- Investing for 'inclusive growth'.
- Industry-led sector councils would help raise the levels of inter West Midlands cooperation and supply chain collaboration, providing practical help and not just 'talking shops'.



**WEST MIDLANDS**  
COMBINED AUTHORITY

- Key new sectors of new technology, linked to Industry 4.0, should be a priority for investment.
- There should be more of a focus on centres of excellence and more thought leaders should be established.
- Ways to encourage firm-level investment – access to finance and guidance, new funding mechanisms, reducing risk, awareness of new technology opportunities and encouragement to invest in this area.
- Existing investment support could be improved with greater collaboration and streamlined support, and this can hopefully be brought out through the Growth Company.
- Needs to be a reduction in silo working, the need to achieve team targets in attracting investment
- Provide incentives and dedicated support to attract and retain investors.
- Consider reviewing Green Belt land locations as potentially suitable for use of strategic investment.
- Innovative approaches to unlocking private sector investment, e.g. as in Birmingham Enterprise Zone
- Clear vision and support package, including innovative investment mechanisms, are needed to maximise the impact of investment sites

“A more inclusive West Midlands economy would see more people in employment, and more jobs with decent pay and prospects, bringing economic benefits.”

**Joseph Rowntree Foundation**

## COMPETITION

This was the section which was responded to least, possibly due to its similarities with investment and particularly enterprise. Skills, export support and assurances on Brexit were specific areas talked about frequently as shown below – the bold text again shows key point raised multiple times by different organisations.

The role of Growth Hubs to support competition was acknowledged as was the importance of export growth. There was also an emphasis on the skills required within businesses to enable them to be competitive such as science, technology, engineering and maths skills as well as softer skills such as communication.

### IDENTIFIED BARRIERS TO COMPETITION

- Key barriers: access to finance and access to innovation through universities, in addition to the same barriers cited as barriers to enterprise and investment.
- 80% of companies don't have innovation on their Board agenda – vital for competitiveness and productivity gains.
- Energy supply – keen to take greater control over our energy infrastructure with a view to delivering lower cost, more stable and secure energy processes to our manufacturing businesses – helping them to reduce costs and become more price competitive. Need to maximise opportunity of Energy Capital.

“A lack of access to skilled and unskilled labour from the EU is likely to raise prices of both goods and services as the supply of workers and expertise become less widely available. The resulting rise in the price level seems likely to reduce overall competitiveness of businesses in the north Worcestershire districts and the wider WMCA area.”

**North Worcestershire Economic Development and Regeneration**

### POSSIBLE IMPACT OF BREXIT

- Brexit could have a potentially severe impact upon demand for commercial property, and could affect 1) Labour 2) Trade 3) Capital – businesses need to plan for all scenarios; Brexit also gives businesses an opportunity to re-focus on what's good about their offering and what requires improvement.
- Need for clarity over future trading relationships, labour & regulation post-Brexit.
- It should be noted that the West Midlands



**WEST MIDLANDS**  
COMBINED AUTHORITY



is relatively well positioned in terms of its balance of trade compared to other regions as it sends a lower proportion of exports to the EU, although at 39% of all exports the EU is still the main destination of exports from the region

“We would encourage the WMCA to develop a local approach to marketing support through DIT to promote export development.”

**Birmingham City Council**

- Carry out further research into the workplace travel flows within WMCA.
- Support the right indigenous firms, regardless of their size.
- Procurement practises that open up competition to a wider range of businesses
- A local approach to Marketing support through DIT to promote Export development, skills development and enhanced delivery and a better approach to leadership and skills

#### SUGGESTED ACTIONS TO IMPROVE COMPETITIVENESS

- Key sectors like manufacturing should be supported – including within the shift to servitization and digitisation. The development of a West Midlands fund for manufacturers who want to adopt servitization is suggested.
- Local businesses need to work more closely with Universities, by utilising their facilities and expertise. Part of making this happen is making clear the service offered by universities.
- Improved approach to export support is required – businesses often find this hard to engage with, and funding is needed to replace European funding that currently supports this activity.
- Scope for the WMCA to expand and develop the network of champions and ambassadors for exporting and international trade.
- WMCA shouldn't presume they understand what businesses need help with. It is essential that, in order to frame effective business support, the WMCA listens to businesses of all sizes about the issues they face and consider how these may be resolved.
- Key business support areas as mentioned previously – finance, exporting, land availability etc.
- Link innovation support with export support, including advice on intellectual property.



**WEST MIDLANDS**  
COMBINED AUTHORITY

## CONCLUSIONS & NEXT STEPS

The responses to the Call for Evidence highlight a wealth of ideas, best practise and challenges to solving the West Midlands productivity and skills issues.

Whilst there is a huge amount of activity being undertaken to improve productivity and skills it is unclear what the relationship between the scale of activity and the scale of the challenge is – the Commission will seek to identify this and take action as appropriate.

The next step for the commission is to consider the responses in detail within the context of the economic analysis and wider policy context to produce a series of reports on each of the five drivers of productivity to underpin a clear vision for Productivity & Skills for the region. This will include the development of an Education, Employment & Skills Strategy for the WMCA area.

A WMCA Productivity Leadership Group, led by Dr Andy Palmer and bringing together business leaders from across the LEPs, has been set up to lead the Commission's work and ensure that our plans to drive productivity are designed by and for local businesses. This group will be advised by experts from across the region and central government including senior leaders operating within the productivity and skills system as well as senior academics from across our Universities. Through the Productivity Leadership Group the Commission will be looking in detail at the productivity gap between the West Midlands and UK within specific sectors, getting under the skin of the data and understanding the interdependencies between sectors. The Commission will develop Integrated Productivity and Skills Plans for each of the transformational sectors identified within the WMCA Strategic Economic Plan, setting out detailed roadmaps to get us from where we are now to where we want to be.

As the work of the Commission develops we will be identifying more opportunities for key stakeholders to get involved and take forward the ideas and practical actions that emerge. The Commission is focussed on solutions to the productivity shortfall of the region, looking to the future and not focussing on the problems of the past. The people that know the region best will lead the way in sharing their ideas, knowledge and experience to deliver the step change required to make a real difference to the growth of the region.



**WEST MIDLANDS**  
COMBINED AUTHORITY

# ACKNOWLEDGEMENTS

We would like to thank the following contributors for their response to the Call for Evidence:

- 3 County Sports Partnerships
- Aston University
- Birmingham City Council
- Black Country Careers Development Advisory Partnership
- Black Country Local Enterprise Partnership
- Black Country Skills Factory
- BPS Birmingham
- Centre for Progressive Capitalism
- City of Wolverhampton Council
- Construction Industry Training Board
- Coventry University
- Coventry & Warwickshire Local Enterprise Partnership
- Dudley Metropolitan Borough Council
- Dr Deirdre Hughes OBE
- Greater Birmingham Chamber of Commerce
- IM Properties
- Joseph Rowntree Foundation
- NEC Group Ltd
- New Hope Birmingham
- North Worcestershire Economic Development and Regeneration
- Prospects Group
- Public Health Birmingham
- Public Health England/Association of Directors of Public Health West Midlands
- Rushcliffe Borough Council
- Smith Institute
- Solihull Employment & Skills Board
- Solihull Metropolitan Borough Council
- Telford & Wrekin Council
- Trades Union Congress
- University & College Union
- Walsall Council
- West Midlands Adult Community Learning Alliance
- West Midlands Further Education Skills & Productivity Group
- West Midlands Housing Association Partnership
- World Skills UK



**WEST MIDLANDS**  
COMBINED AUTHORITY

# **PRODUCTIVITY AND SKILLS COMMISSION**

Summary of Responses  
to the Call for Evidence



**WEST MIDLANDS**  
COMBINED AUTHORITY