

West Midlands Industrial Strategy

Consultation document



West Midlands
Combined Authority

350

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Introduction

The West Midlands is a global force and a major part of the UK economy, generating £92bn or around 6% of total UK output. We are growing fast. Output is up by 23.5% over the past five years. We have a record number of people in work. The employment rate is increasing faster than the UK as a whole and we have the lowest number of people out of work for ten years.

Our cities, towns and firms have long been centres of innovation and production, generating new ideas, goods and techniques. Building on our history of innovation and productivity, our Local Industrial Strategy sets out the major, global opportunities ahead for the West Midlands:

- The home of the first global industrial revolution is now a global centre of innovation in future mobility, with world competitive and innovative Original Equipment Manufacturers (OEMs) and supply chain firms in automotive, aerospace and rail
- We are a major centre of translational medicine. University and NHS partnerships with businesses power our expertise in using data to drive innovative approaches to healthcare. This work is centred around Queen Elizabeth Hospital Birmingham, one of Europe's largest
- We have a globally competitive business and professional services cluster, the largest outside London and including the new headquarters of HSBC's retail arm, providing the full range of services to a global client base

- Our creative sector is internationally recognised, at the heart of pioneering new content production and platforms, including a world-leading gaming and artificial intelligence cluster. Our cultural, tourism and sporting businesses will power the delivery of the 2021 City of Culture and 2022 Commonwealth Games

At the heart of the West Midlands' success is a partnership between civic and business leaders focused on delivery. In 2016 we came together to agree a Strategic Economic Plan (SEP) that set priorities for investment and ambitious but achievable goals. In 2017, our devolution deal recognised the West Midlands' opportunity and put in place new powers, funding, and a strategic partnership with central Government.

We are making good progress, with a track record of securing devolution and delivery in transport, skills, housing, trade, inward investment and business growth. The number of people with higher level skills is on the rise and the number of people with no skills is falling faster than the UK average. Last year, output per hour increased by more than double the rate of the UK and the West Midlands was the only region in the country to see growth in both Foreign Direct Investment (FDI) projects and the number of jobs created by inward investment.

We have the youngest, most diverse population outside London, with more than one in five people aged under 16 and 25% under 30. More than 70% of college leavers from the West Midlands return here. And in August 2018 we



Andy Street
Mayor, West Midlands



Cllr Ian Ward
Leader of Birmingham City Council
and WMCA Portfolio Lead for Growth



Jonathan Browning
Chair, Strategic Economic Development
Board and Coventry and Warwickshire LEP

secured a £50m investment to underpin the rollout of 5G connectivity. This is an economy in renaissance, looking confidently to the future based on our long-standing tradition of innovation and adaption.

But we also know that entrenched inequalities and productivity challenges remain. Both Gross Value Added (GVA) per head and per hour are still lower than the UK overall and recent growth has been concentrated in certain parts of the region. We have communities that are left behind and unable to access the jobs and opportunities that growth brings. Indicators including healthy life expectancy and child obesity show that too many people do not yet enjoy the life chances they deserve. Air quality is still unacceptably low in some parts of the region.

Our overall vision is to drive economic growth in a way that enables a healthier, happier, better connected and more prosperous population.

Technology is continuing to change how people live and work and how businesses operate. Firms, entrepreneurs and social enterprises of all kinds are forming new trading and supply chain partnerships nationally and globally. The Brexit negotiations will lead to changes in our regulatory, funding and trading environment that are not yet clear. And population growth is driving demand for new homes and infrastructure. All these provide new opportunities alongside the need for change. Successful economies of the future will be those that enable the creativity, innovation and energy of all their communities.

That is why we have come together to review progress and agree the commitments and actions needed now to ensure that growth continues and enables all our businesses and communities to benefit.

Over the past few months, businesses, colleges, universities, councils and voluntary and representative groups have been working to identify how we best meet our potential. Alongside a detailed analysis of our economy and business base, independent commissions have developed evidence and recommendations on diversity in leadership, skills and productivity, land use and mental health.

A successful Industrial Strategy must be uniquely of the West Midlands, based on our existing and emerging strengths. It must focus on unlocking the potential that exists in our businesses and people, driving productivity and growth, but in a way that enables more people to feel the benefits. It must build on existing plans for new investment in transport, skills and housing, and maximise the impact of major opportunities such as HS2, the Commonwealth Games and City of Culture.

Over the coming weeks, we want to get your views on these commitments and actions, whether through the range of planned events, discussions or sending us your responses to the questions in this document.

You can read more about the work, detailed evidence and how to get involved at [<https://www.wmca.org.uk/what-we-do/industrial-strategy>].



Executive Summary

The West Midlands is a global force and a major part of the UK economy, generating £92bn or around 6% of total UK output. We are growing fast. Output is up by 23.5% over the past five years and we have a record number of people in work. This is a resilient economy in renaissance.

Our cities and towns have long been centres of innovation and production, generating new ideas, goods and techniques. The home of the first global industrial revolution is now the location of globally competitive and innovative clusters and supply chains in automotive and mobility, life sciences, creative and gaming and business and professional services. The West Midlands is a renowned centre of mobility innovation, leading the way globally in electric and autonomous vehicles of all kinds, digital and light rail and the use of data that underpins integrated transport systems.

We are consulting now as part of developing our West Midlands Industrial Strategy that will guide our investment and action in the years ahead. We have made substantial progress on the goals we set in 2016, but there is more to do so our businesses and people can meet their full potential. We have a track record of delivery and a very substantial opportunity through significant planned investment in the years ahead.

We have developed a robust evidence base through independent studies and commissions. Our evidence base covers the drivers of our economy with a detailed understanding of our businesses, sectors and supply chains.

Our overall vision is to drive economic growth in a way that enables a healthier, happier, better connected and more prosperous population. We are determined to drive growth that is inclusive, opening up opportunities and improved health and wellbeing for all our communities.

We are proposing ten commitments which will guide the work of public, private and voluntary partners:

1. High employment, with more good jobs and accessible opportunities, and diverse leadership in business and public life
2. A high quality and responsive regional skills system
3. Being known for the improvements we make to our natural environment, and a choice of high-quality housing
4. A pre-eminent national creative & media cluster
5. Being the home of future mobility and transport innovation in the UK
6. Three globally and nationally-connected cities, where every part of the West Midlands is close to the rest of the world
7. The UK's leading exporting region with strong demand-led innovation support – where businesses and people come to develop and build new products, processes and services
8. The UK centre for health diagnostics, devices and testing and translational medicine, based on our unique population and driven by big data and Artificial Intelligence (AI)

9. A globally renowned 21st century advanced manufacturing and engineering centre
10. Innovative and successful new approaches to energy generation, storage and transmission and clean growth

We have set out the detailed actions needed to deliver these commitments, through improving connectivity and opportunity, supporting supply chains and building on our competitive advantages.

Many of these commitments and the actions in this strategy are already underway and build on existing investment, devolution agreements and agreed priorities. Others are further in the future. A successful Industrial Strategy will be uniquely of the West Midlands, building on our existing and emerging strengths to unlock potential and maximise the impact of major opportunities such as HS2, the Commonwealth Games and City of Culture.

This strategy is focussed on the area covered by the Greater Birmingham and Solihull, Coventry and Warwickshire and Black Country Local Enterprise Partnerships. But as well as global and national markets our economy is deeply connected to neighbouring places, including the M54 growth corridor and the wider Midlands Engine, for example. We will continue to work closely with all constituent and non-constituent members of the West Midlands Combined Authority (WMCA) and other partners over the upcoming months and years.

This informal consultation phase runs until 15 November 2018. Please respond to the questions in this document or get involved through one of the many events that partners are running in the weeks ahead.



Creating our Industrial Strategy

This is the consultation document for the West Midlands Local Industrial Strategy. Our Industrial Strategy will not seek to describe all the activity that we and partners undertake. It will focus, rightly, on what public and private sector partners need to do to support inclusive growth and productivity gains in the years ahead. This consultation document and the ideas in it have been developed by the three LEPs and Combined Authority working together with our Local Authorities, universities, colleges, business sectors, representative groups and independent academics, voluntary, community and stakeholder groups.

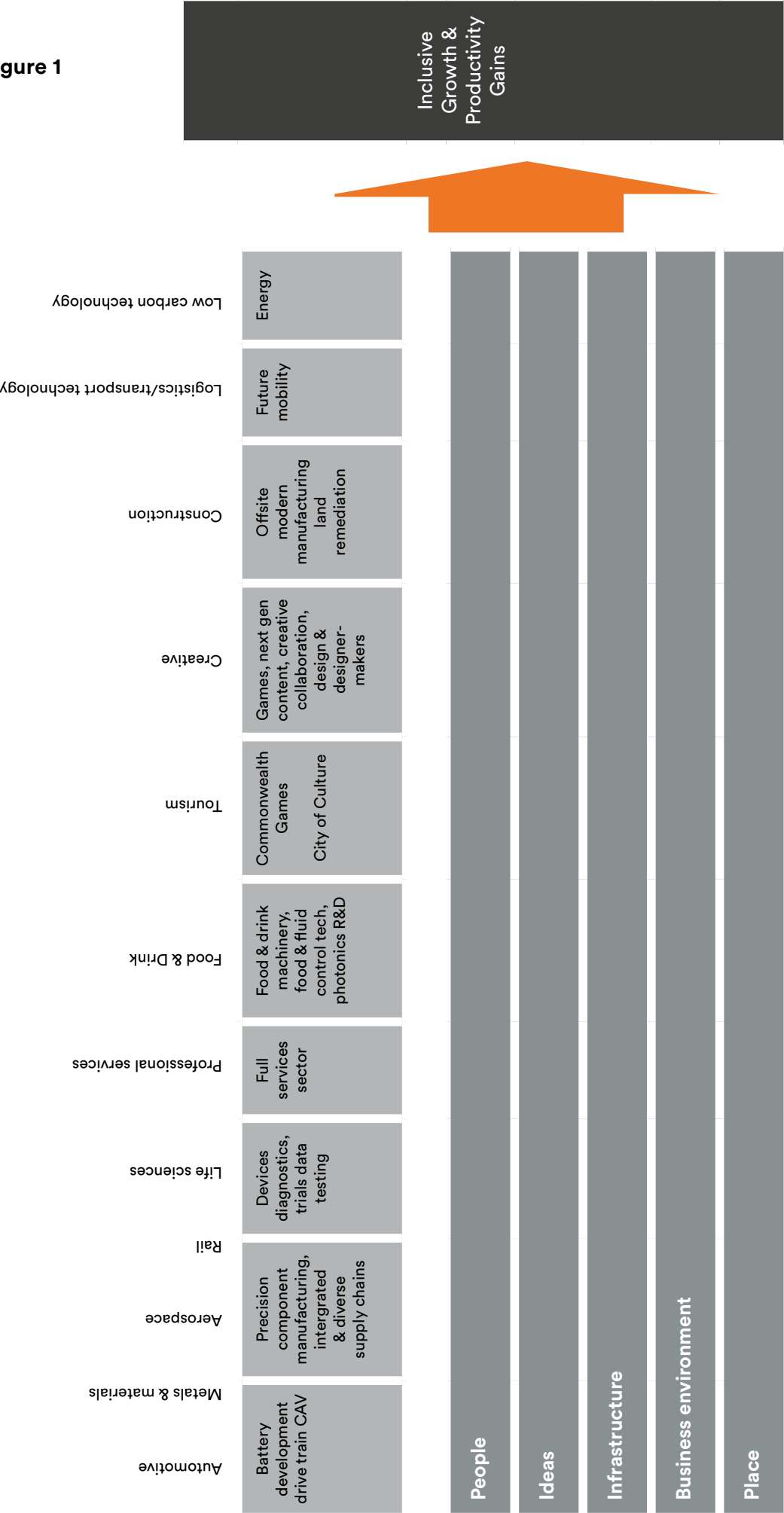
This consultation document:

- Briefly summarises the evidence base, with more detail available on the website. It sets out our strengths and the opportunities and challenges we face
- Reaffirms our overall vision
- Proposes ten commitments
- Sets out the actions needed to deliver them, grouped by three major themes:
 - Building on our competitive advantages
 - Improving connectivity and opportunity
 - Supporting supply chains
- Sets out the approach we are developing to ensure that growth is inclusive
- Shows how the West Midlands will make a leading contribution to the Grand Challenges which Government has defined for the UK economy

The actions we are proposing address the foundations of productivity (the horizontals in Figure 1) and, importantly, are targeted through a detailed understanding of our sectors (the verticals on Figure 1).

Not all of these are new. Our Industrial Strategy will build on the 2016 Strategic Economic Plan and integrate existing and agreed priorities such as skills, transport and housing, using devolution to make different kinds of investment work together. Figure 2 shows some of the different elements of funding and delivery in the West Midlands.

Figure 1



Most importantly this is not a strategy that will just be delivered or funded by the public sector. Businesses, large and small, and the people that work in them, create growth, prosperity and productivity in the West Midlands. Businesses and LEPs have led early work to create sector action plans for future success. Emerging actions from these are reflected in this consultation and will be developed further in the months ahead.

Figure 2



We have also worked with voluntary and community organisations and public services. This consultation sets out our thinking on how we can work together to make growth inclusive, ensuring that all of our communities benefit. The WMCA Inclusive Growth Unit will develop this approach with partners.

The core of this strategy covers the three LEP area at the heart of the West Midlands region. But it also recognises that economies and businesses operate across geographical boundaries and the significant commuting and supply chains which link our non-constituent members. We have worked widely across the three LEP area to create this strategy and we will continue to do so.

We also set out ideas about how the West

Midlands can use its existing and future strengths to address the Grand Challenges and missions that Government has set for the UK.

Building on the extensive collaborative and codesign process to develop the work to this point, we now want to hear your views in response to the questions set out in this document. This will be a strategy by the region, for the region. We look forward to continuing to work with you to create it.

A Global Economy

High recent growth

The West Midlands is a £92bn economy that has grown by 23.5% in the last five years. Over the last 12 months, productivity growth was twice the UK's rate. Our region provides a record two million jobs across a diverse range of sectors, including major multinationals and large numbers of small and medium-sized enterprises (SMEs), many in major global supply chains.

Our cities, towns and rural areas are well positioned for the future. We are a region built on social and commercial connections and on collaboration. More than 90% of the UK's market is within a four-hour drive and when HS2 arrives into UK Central and Birmingham Curzon Street, with journey times of just 38 minutes to London, it will bring the capital closer to the West Midlands than it is to Cambridge. The West Midlands will also be the site of the UK's first 5G rollout. The potential to utilise early adoption of this technology across our industries and services is immense and the West Midlands will trial implementation and application to communities and industry for the UK.

Investor sentiment is strong and the West Midlands is recognised as an excellent place to do business. We are the fastest-growing UK region for goods exports and had the greatest number of new jobs from FDI projects outside London last year. Since 2011, the number of FDI projects has tripled.

Significant future investment

Over the next decade the West Midlands will see a significant programme of investment – as we continue to build a connected, inclusive and innovative economy, integrating private and public capital:

- More than £50m to create the UK's first multi-city 5G test bed across Birmingham, Wolverhampton and Coventry
- Commonwealth Games 2022 – Athletes Village, investments to Alexander Stadium and facilities across the region like the Olympic swimming pool in Sandwell
- City of Culture 2021 – unlocking investments and productivity improvements in arts, culture, visitor economy and a Year of Wellbeing in Coventry and the wider area
- Nine new suburban rail stations and over 31km of new track will provide 20,000 new seats
- 215,000 new homes by 2031, providing high quality places to live, with real choice
- £69m to support development of new skills – provided in ways that meet the needs of how people live and work
- HS2 –with a £4.4bn HS2 Growth Strategy, including the Curzon Masterplan and 20 transport schemes to fully connect HS2 stations to local transport networks and communities
- A new Metro system, including East-West Metro with extensions to Dudley/Brierley Hill and through East Birmingham to North Solihull and the HS2 Interchange station
- £10bn opportunities in identified investor-ready sites

Long-standing productivity challenges

The West Midlands' opportunity and challenge is leveraging this investment in such a way that it supports real productivity gains. Low productivity growth is not unique to the West Midlands and the Government recognises this as a UK-wide challenge. Significant challenges remain. But over the past two years we have worked tirelessly to understand the productivity puzzle here.

- GVA per head is £4,178 lower than the UK average
- Total average annual earnings are 4.1% lower in the West Midlands than the UK average and a lower proportion of people earn above the living wage
- Performing to our full potential, our economy would be £16.9bn bigger, an overall output gap between the West Midlands and the UK has been increasing. This £16.9bn output gap is caused by:

£3.2bn	Insufficient skills levels
£1.8bn	Fewer residents in employment
£11.9bn	Weaker performance in competition, investment, enterprise and innovation

The West Midlands exceeds the UK average for business births. Analysis indicates that the structure of the West Midlands business base has huge potential, higher than the UK average. But regional firm productivity is below average. This suggests that problems of firm level productivity are more central to the productivity challenge than elsewhere in the UK. But the situation is not static. The digital interconnection of people, machines and devices brought about by Industry 4.0 changes production processes along the entire industrial value-added process. So understanding the evolving impact of the different foundations of productivity in the West Midlands is key.



People, skills and employment

The West Midlands has a young and diverse population, brimming with potential and opportunity. There are 1.3 million people under 25 in the region (25% of the population), the youngest region in the country outside London. 71% of the region's 52,000 graduates from eight West Midlands universities stay on to work here. The employment rate is increasing faster than the UK as a whole and we have the lowest number of people out of work for ten years.

Communities that miss out

We have record levels of employment. But our social mobility, wage growth and access to opportunities lag behind overall growth and vary widely across the West Midlands. We have concentrations of low employment and high levels of unemployment and deprivation. Too many of our communities don't enjoy the access to jobs, skills and support for enterprise that they should, and face entrenched structural issues creating a confluence of poor economic, social and health outcomes. Around 50% of five-year-old children in the West Midlands do not achieve a good level of development compared to 34% nationally. Nearly a third of children in the region grow up in poverty and by Year 6 almost a quarter are obese. Healthy life expectancy is lower than the UK average. Black and minority ethnic (BAME) employment rates are 15% lower than for white groups. There are similar disparities for those with disabilities and low/no qualifications.

The West Midlands as a whole also performs below the national average on GCSE attainment, adult attainment, employment and unemployment. 86,036 people need to be upskilled to close the skills gap. On basic skills, 11.4% of the WMCA area had no qualifications in 2017 compared to 8% nationally, and there is a 'missing middle' of technical skills at Levels 3 and 4. Reflecting a UK-wide trend, the numbers of people starting apprenticeships has fallen across the country, but the largest falls are seen here. Things are improving, but from a lower base - since 2012, numbers of people with higher level skills increased by 113,000, faster than the national average and the number of people with no qualifications is falling faster than the UK average.

Skills Factory

The Black Country Skills Factory is an employer-led education and training collaboration which aims to address the shortfall of skills in the Black Country and increase the pipeline of suitably skilled staff to respond to growth. It has been a highly successful project in addressing skills shortages in the advanced manufacturing sector.

The aspiration is to fundamentally shift the relationship between employers and education providers to develop a networked approach to

skills delivery that is needs-driven by industry demand for skills whilst also meeting general “best practice” standards.

Training and education courses are co-developed and co-delivered using shared facilities and industry trainers. This results in the provision of “bite-sized” skills training courses which fit the current and future needs of highly technical industries.

Elite Centre for Manufacturing Skills (ECMS)

Funded through the Black Country Growth Deal, the flagship £12.4m Elite Centre for Manufacturing Skills (ECMS) functions as an employer-led training facility, designed to improve productivity and growth in advanced manufacturing through demand-led training provision. The Black Country LEP has been instrumental in ensuring the project delivers training that does not currently exist in the Black Country.

The ECMS follows a ‘hub and spoke’ model with equipment and facilities being installed across four sites in the Black Country.

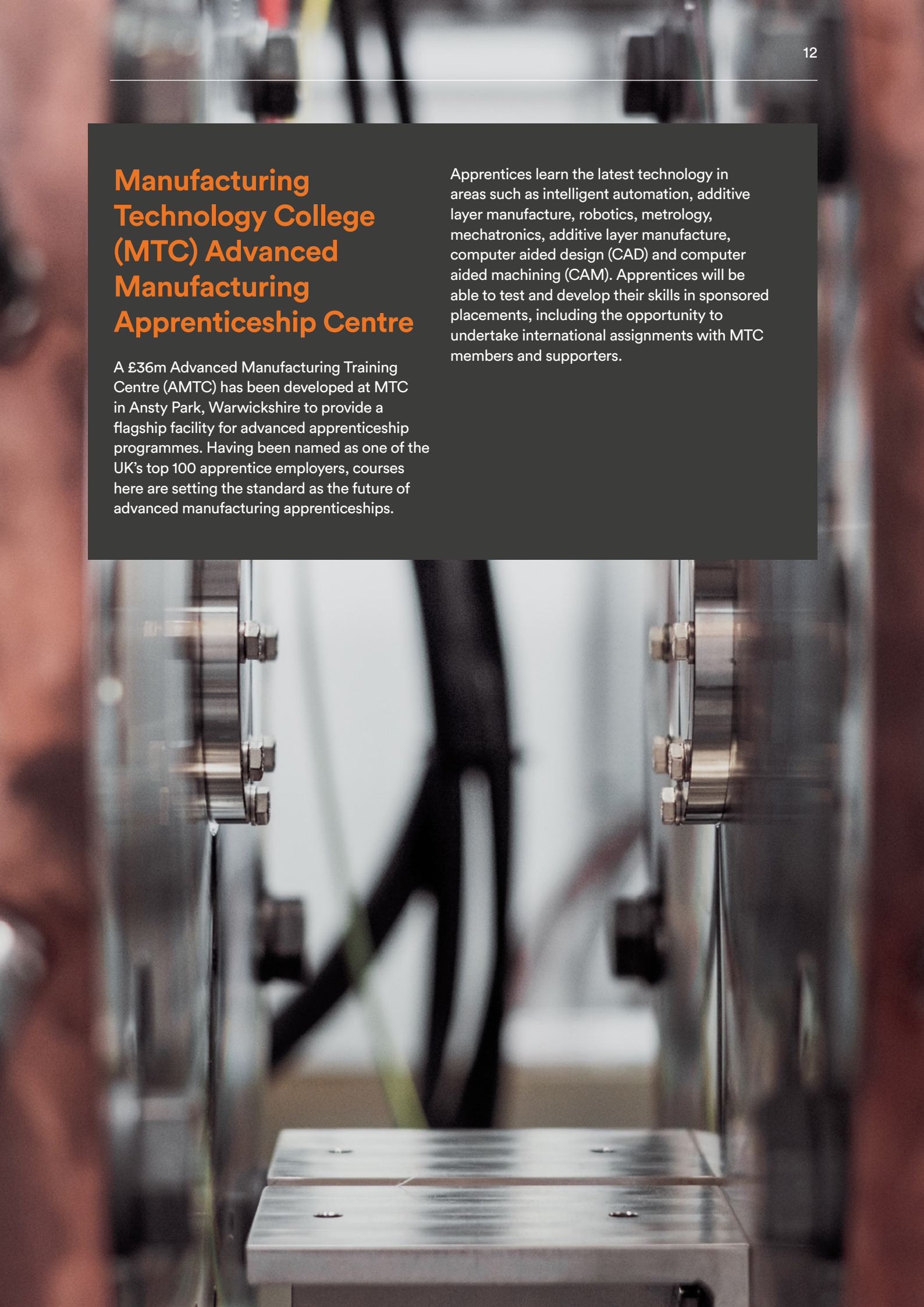
The Hub will be an 800 sq m regeneration of an historic but derelict building at the University of Wolverhampton’s new Springfield Brewery site, with additional ‘spokes’ in foundry and patternmaking (Dudley Port), toolmaking (West Bromwich), and metal joining and advanced machining (Dudley) in other parts of the Black Country.

Skills provided by the ECMS partnership underpin manufacturing performance, productivity and growth and were identified as current barriers to business growth by the Black Country Skills Factory. The training is delivered through both apprenticeships and short courses, for example at Dudley Advance, Dudley College’s Centre for Advanced Manufacturing and Engineering Technology.

Manufacturing Technology College (MTC) Advanced Manufacturing Apprenticeship Centre

A £36m Advanced Manufacturing Training Centre (AMTC) has been developed at MTC in Ansty Park, Warwickshire to provide a flagship facility for advanced apprenticeship programmes. Having been named as one of the UK's top 100 apprentice employers, courses here are setting the standard as the future of advanced manufacturing apprenticeships.

Apprentices learn the latest technology in areas such as intelligent automation, additive layer manufacture, robotics, metrology, mechatronics, additive layer manufacture, computer aided design (CAD) and computer aided machining (CAM). Apprentices will be able to test and develop their skills in sponsored placements, including the opportunity to undertake international assignments with MTC members and supporters.



Ideas and innovation

This is an innovation economy built on the development and commercialisation of new ideas, processes and products. The 2017 Science and Innovation Audit (SIA) shows that we have a sophisticated and thriving innovation ecosystem, with a diverse mix of research and applied universities all with commercially engaged academics, science parks, incubators and accelerators (the largest concentration of accelerators in the country, including London).

Innovation in industry, academia and research is focused in advanced manufacturing and engineering, digital technologies and data and systems integration. We have particular innovation strengths across the whole West Midlands in next generation transport systems.

But we also have clear opportunities to strengthen business innovation across the geography. Despite a long history of business innovation, West Midlands business has the potential for stronger levels of both new to firm and new to market innovation. We know too that process innovation levels are lower than product innovation – this is an important challenge to address in an economy with major supply chain firms in automotive, rail and aerospace and with specialisms in materials and metals. And there are important sub-regional variations.



STEAMhouse

STEAMhouse is a co-working space for businesses, artists and academics designed to enable small companies and artists to work together on new projects and business ideas. There are facilities such as 3D printers, laser cutting machinery, virtual reality and printing studios.

STEAMhouse will drive innovation and research to create business solutions that fuel long-term economic growth through a combination of industry-led workshops, access to product development facilities, partnership working and SME grant-making. The first phase of STEAMhouse launched in Spring 2018 and will engage with at least 200 SMEs in the Greater Birmingham Solihull Local Enterprise Partnership (GBSLEP) area over a three-year period.

Warwick Manufacturing Group (WMG)

WMG is one of the world's leading research and innovation groups. Since its inception in 1980, WMG's mission has been to improve the competitiveness of organisations through the application of value adding innovation, new technologies and skills deployment, bringing academic rigour to industrial and organisational practice.

WMG is a pioneer of innovative technology, leading major multi-partner projects to create and develop new products and processes that can be adopted by organisations.

The new National Automotive Innovation Centre is the largest of its kind in Europe and the product of partnership with Jaguar Land Rover and Tata Motors. The centre will focus on automotive research, combining expertise

from industry, university academics and supply chain companies. It is intended to support advances in technology to reduce dependency on fossil fuels and vehicle emissions whilst also developing the talent required for the demands of emerging technology. This is in addition to the existing facilities:

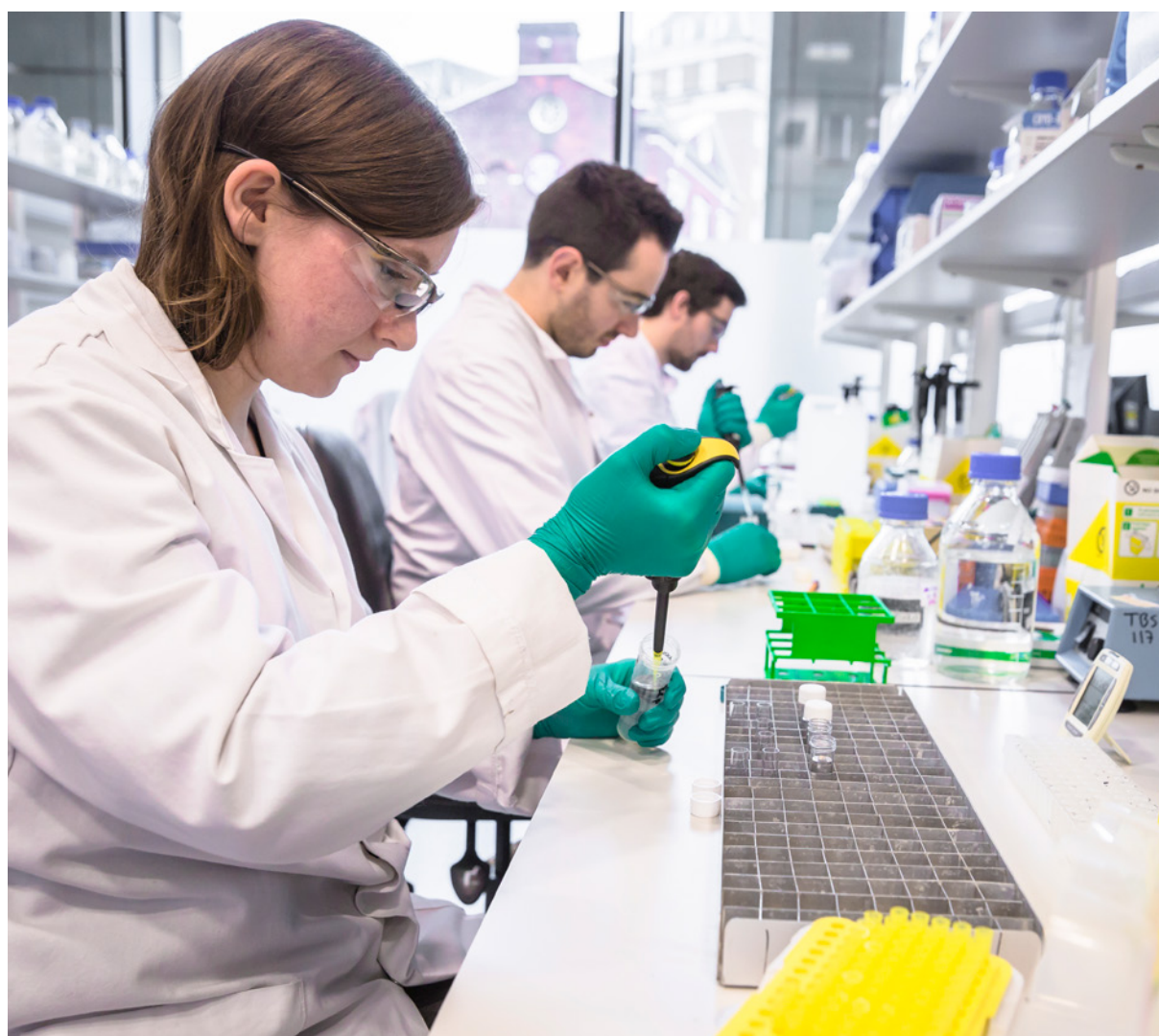
- Energy Innovation Centre
- Centre for Imaging, Metrology and Additive Technologies
- Automotive Composites Research Centre
- Advanced Steels Research Centre
- Make-Like-Production Facility
- Cyber Security Centre
- International Institute for Nanocomposites Manufacturing
- Institute of Digital HealthCare
- International Manufacturing Centre
- International Digital Laboratory
- International Institute for Product and Service Innovation
- WMG Academy

Infrastructure

We are a well-connected region. More than 90% of the UK's population live no more than a four-hour drive away. The region is served by one of the UK's fastest growing airports, carrying 13 million passengers a year on 50 airlines to 143 destinations. Birmingham International recently announced direct flights between Birmingham and Amritsar in India. This is a UK first.

But there is an overreliance on the road network compared to other modes of transport, which results in poor air quality and costly congestion. Only 41% of residents are able to access three or more centres by public transport within 45 minutes in the peak morning traffic. And there is still a significant variation in superfast broadband, full fibre and gigabit capable broadband coverage.

Changes in affordability and a lack of social housing risks holding back growth and impacting our communities. Housing costs are increasing faster than local salaries. Most WMCA areas are in the top fifth of house price increases nationally. The WMCA median increase is 6%, more than double the national average. This has been exacerbated by a lack of supply, quality, choice and mix of affordable and social housing - typically only 10% affordable housing is being delivered as part of city and town centre housing schemes. The rate of housing completions in the region is rising. With population set to increase by over 400,000 by 2038, we are committed to ensuring housing meets the full spectrum of housing need.



HS2 growth strategy

The WMCA will leverage the benefits delivered by HS2 to drive local growth on a nationally significant scale, through packages of interventions to drive job creation, productivity and generate net national growth.

The two HS2 stations and Birmingham Airport, with its huge potential and ability to open access to key international markets, will drive new areas for regeneration, housing and business growth across the Midlands. The major investment in region wide connectivity is ultimately capable of delivering:

- 104,000 created and safeguarded jobs – 10% jobs created for local residents who are currently unemployed
- Increase the number of people qualified to NVQ Level 4 or equivalent to the national average of 36%
- 2,000 apprenticeships
- 700 businesses supported to take advantage of the opportunities
- £14bn additional economic output
- 2m of the region's population connected to HS2 by public transport

5G applications

The West Midlands will be the first place in the country to trial new 5G applications and services at scale. This multi-million-pound trial of new high-speed connectivity will pave the way for a 5G rollout across the UK. The application to industry will be initiated in areas of distinctive strength, particularly health, construction and automotive sectors, benefiting people's lives through participation in new digital tech and transformed public services. Example uses include -

- Hospital outpatient appointments and emergency consultations carried out remotely by video link not subject to droppage or latency barriers. As well as being more convenient for patients, this means they can play back their appointment at a later date or share it securely with a family member or carer to help inform their care
- "Connected Ambulances" - Paramedic crews at an incident could access specialist advice while they are at the scene, e.g. video conferencing with consultants or other clinical specialists. Live streaming of patient data from ambulance en route to hospital would help inform the immediate care patients receive on arrival
- Live streaming of CCTV footage from public transport buses, enabling immediate action against anti-social behaviour. "Intelligent cameras" using artificial intelligence (AI) to identify incidents could provide the opportunity for far greater coverage than is possible at present

Business environment

GVA per employee varies significantly across sectors in the WMCA, with an overall figure of £42,897. This average is below the national average of £49,541. A total of six sectors have an above-WMCA average GVA per employee, including Business Professional and Financial Services (£64,194), Advanced Manufacturing and Engineering (£48,728), and Construction (£45,161). Meanwhile, four sectors, including Retail (£31,952) and the Public Sector (£33,614), have below average productivity.

The West Midlands is the fastest growing UK region for goods exports, 27% growth between 2015/17. Outside London and the South East, we export the most by value, over £33bn in 2017. Between 2011/18, 775 Foreign Direct Investment (FDI) projects have created nearly 46,000 new jobs and the number of projects per annum has more than doubled. But there is uneven distribution of inward investment jobs – most go to the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) area (71%). One quarter are created in Coventry and Warwickshire LEP (CWLEP), but only 5% in Black Country LEP (BCLEP).

Mayor's Mentors

Despite considerable economic success in recent years, a dynamic and thriving business community and wealth and opportunity, not everyone has been able to benefit from this success. Mayor's Mentors is a new initiative launched by Andy Street, Mayor of the West Midlands, to help provide young people the life skills and advice they need to flourish.

The scheme works by matching mentors to young people who may be at the very start of their career, looking to retrain and move into new work. They will typically meet a young person, either face to face or virtually for up to a year, to discuss the young person's studies, ambitions and career opportunities. WMCA is working with a number of organisations offering mentoring in the region to significantly expand the scale, reach and impact of mentoring for young people.

Sectors

The West Midlands manufacturing heritage has transformed into a globally significant advanced manufacturing sector. The West Midlands contains a critical mass of globally competitive businesses, and high-technology and technically specialist small and medium sized firms, operating within and across a range of transport-related industries.

Automotive. The West Midlands produces one third of the nearly two million vehicles manufactured in the UK and one fifth of the UK's motor vehicle parts and accessories businesses are located here. The region has 35 automotive OEM brands, major R&D and headquarters operations and over 20 vehicle manufacturing sites. The cluster has attracted and retained global brands Jaguar Land Rover, Aston Martin Lagonda and BMW (engine manufacture), Geeley London Electric Vehicle Company and smaller, niche manufacturers.

The sector employs 46,000 people, generating £3.2bn GVA and is supported by an integrated network of tier 1, 2 and 3 component and engineering suppliers. Both CWLEP and GBSLEP areas employ more people in the sector than any other in the country. The Black Country is home to a deep and diverse network of tier 1, 2, 3 component and engineering suppliers that extends out across the region.

There are significant existing strengths and innovative capacity in **Powertrain and battery propulsion, Connected & Autonomous Vehicles and Prototyping and product development.**

Some 70 West Midlands firms make up around 10% of the UK **aerospace** industry. Clusters exist in the engine supply chain around Rolls-Royce and electro-mechanical systems, like UTC Aerospace Systems and Moog. Focused on civil aircraft, West Midlands products and services contribute to the latest passenger planes made by Airbus, Boeing and BAE Systems.

Rail. The West Midlands has a significant rail supply chain, particularly in activities at the higher end of rail design and engineering, and companies supplying rail as well as automotive.

The sector is underpinned by academic excellence and private sector leadership through Birmingham Centre for Railway Research and Education which specialises in digital train technology and Quinton Rail Technology Centre as the UK's leading facility for rail testing, trialling and product development. Major planned investments including HS2, Midland Metro Extension and projects in Control Period 6 present significant opportunities for growth and applying innovation locally.

Key in underpinning these transport related industries are the cluster of foundation industries within **metals and materials**. This historic presence and current and future expertise for advanced manufacturing plays an important role in the regional economy, contributing 75,000 jobs and £4bn GVA.

Similarly, the region's distinctive **low carbon** expertise makes the West Midlands an attractive market for commercialising new energy and transport system technologies in the UK. This sector is the most productive sector in the West Midlands, with GVA per employee that outstrips the national average.

The advanced manufacturing economy also underpins a **food and drink** sector which has seen the greatest long-term growth in food and drink manufacturing of all UK regions.

Meanwhile a thriving **business, professional and financial services** is the region's largest GVA contributor and employer with the UK's largest regional full-service banking and professional services cluster, serving a global client base. The cluster is supported by world class business schools, including Aston, Birmingham and Warwick, resulting in more business students than any location outside London.

New technologies and world class assets support a high value **medical technology and life sciences cluster**. There are particular strengths in R&D, design and production of high-tech medical devices (firms like Salts Healthcare and Kimal), diagnostics including in-vitro (The Binding Site, Serascience, Perspectum) and software as a medical device (Safe Patient Systems, Evolyst). The region's strengths in med-tech include the application of AI, digital and data analytics, with the West Midlands as an important location for clinical trials. The region's NHS Trusts and universities attract large numbers of trials from global industry to an international centre of expertise in accelerated trials models and a track record in health data collection.

Industrial know-how in advanced manufacturing is strongly related to major construction activity and expected spending of £3.8bn per year for the next five years in transport and housing investment. This is the third largest sector in the West Midlands with companies across the supply chain operating locally.

Ahead of landmark events like City of Culture 2021 and Commonwealth Games 2022, the tourism sector will be primed to capitalise on its host status, with the opportunity to increase the length of the season and business tourism levels to drive economic growth and leave lasting community legacies.

Already, the West Midlands is the UK's fastest growing region for international visitors – attracting a record 2.3 million overseas visits in 2017, up by nearly 50% over the last six years. Business, conference and exhibition tourism is a particular strength. The Shakespeare's England area, which includes Stratford, is one of the UK's largest cultural tourism draws, with around 9.3 million people visiting every year.

Our **creative** sector continues to grow, including important maker clusters and a globally significant concentration of gaming and innovative and immersive content and high-end production, centered on screen media including film, TV and virtual reality (VR) and augmented reality (AR).

By focusing on identifying the specific dynamics of our industries, we can ensure that our collective effort across public and private partners supports our people and businesses to take advantage of the opportunities ahead, including through having the techniques and skills required.



Consultation questions

Have we identified the right strengths and competitive advantages in our sectors?

Are the challenges and opportunities facing our economy accurately articulated?





Commitments

We have agreed ten ambitious but deliverable commitments. These show the kind of West Midlands we will achieve, by working together on connectivity and access to opportunities, on supporting successful supply chains and building on our distinctive competitive advantages.

Our commitments are grounded in what the evidence shows about our strengths and the opportunities these unlock. These build on the 2016 Strategic Economic Plan priorities, reflecting our changing national and global economy and recent progress. Each commitment is followed by a short explanatory note.

1. **High employment, with more good jobs and accessible opportunities, and diverse leadership in business and public life.** Where wage growth has been driven by value chain progression and productivity gains, including through improved health and wellbeing and with more home-grown high growth businesses and a partnership that reflects our population
2. **A high quality and responsive regional skills system.** Recognised by individuals and businesses as providing the opportunities, pathways, skills and retraining needed to take advantage of future growth and a changing world
3. **Renowned for the improvements we make to our natural environment, and a choice of high-quality housing.** Celebrating and protecting the high-quality natural environment, public spaces and bio diversity that makes us a great place to succeed
4. **A pre-eminent national creative & media cluster** anchored by institutions and world class facilities and networks driving innovation and collaborative approaches to Intellectual Property and business growth
5. **Being the home of mobility and transport innovation in the UK,** the national centre for electric motor and battery manufacture for the full range of electric vehicles, supported by supply chain adaption, and the highest electric vehicle adoption and Connected and Autonomous Vehicles use anywhere in the UK
6. **Three globally and nationally connected cities. Where every part of the West Midlands is close to the rest of the world** – via air, road and rail at UK Central's international gateway and with the best ultrafast and 5G networks in the country
7. **The UK's leading exporting region and strong demand-led innovation support – where businesses and people come to develop and build new products, processes and services.** Supported by the business, academic and public partnerships needed to drive new ways of doing things and new products. With significant growth in the number of SMEs exporting to new markets
8. **The UK centre for health diagnostics, devices and testing and translational medicine, based on our unique population and driven by big data and AI.** A global Life Science cluster complementing and working in partnership with the golden triangle and the cluster centred around Euston just 38 minutes away
9. **A globally renowned 21st century advanced manufacturing and engineering centre,** home to OEMs, new Tier 1 companies, and extensive highly productive and technology driven supply chains in the biggest concentration of high value manufacturing businesses in Europe, supplying automotive, aerospace, rail and marine, with high quality components and materials
10. **Innovation and successful new approaches to energy generation, storage and transmission** integrated with our transport system and major employment sites

Locally, our expertise will have created a fully integrated, multi-modal and smart transport network, enabling seamless travel across the West Midlands, dramatically reducing congestion and journey times

Consultation questions

Are these the right ten strategic commitments?

Do they reflect the momentum which is underway and the opportunities ahead?



Inclusive Growth

As the economy section above shows we have long term issues. But devolution, combined with an economy in renaissance, gives us a unique opportunity to make inclusive growth happen here, now. The commitments at the heart of this strategy set out what we believe a more inclusive West Midlands can be.

We want to ensure that all our residents and communities can touch, taste and feel the benefits of rising prosperity. And we know that we will be most successful if we benefit from the creativity, talent and ideas in all our communities. Our opportunity is to use our Industrial Strategy and the potential of a young and growing population to act boldly where we have the levers to do so.

Our strong local partnership, together with the new powers and influence of the Mayoral Combined Authority, gives us the chance to drive progress over the long term, make the case to Government and make things change.

We will do this through focussing on specific challenges and specific cohorts.

Taking a place-based approach - integrating investment in specific sites and growth corridors bringing together transport, housing, skills, Public Service Reform and wellbeing investment to drive long-term change.

Address wider determinants of Wellbeing - Coventry and Warwickshire will run a Year of Wellbeing in 2019 driven by the European City of Sport and develop wellbeing & productivity Sustainability and Transformation Plan work with Clinical Commissioning Groups.

Focused on bespoke solutions for individuals, for example through the 'Thrive into Work' programme – a new employment support service for people with a mental health and/or physical health condition in primary and community care.

Targeted action to reduce youth unemployment – a fresh new approach to working with young people through the Transition to Work scheme to create a sustainable pipeline of young talent in the region.

Help workers to move up the value chain and access more employment opportunities through in work progression – increase the support available to people to access in-work progression opportunities, particularly for employers and residents working in tourism, retail and other historically lower paying sectors, where technological change will open up new, higher skilled roles. This will require focus through business support and skills provision.

Ensure that skills and employability support for residents are aligned with business support and that it is designed in a flexible manner that can address evolving needs of employers.

Use our role as the public sector to deliver 'anchor' commitments – through procurement and our social value commitment minimise barriers to bidding for SMEs and new entrants. Lead by example to promote diversity by implementing the Leadership Commission's recommendations of organisational culture change policies and policies to support individuals in the WMCA and wider public sector.

Nurture children & young people as our social capital of the future - developing new ways of tackling social problems that have become entrenched in the region and which block the potential of so many of our communities.

Expand radical prevention programmes - includes work with NHS such as the MCP model in Dudley or Wolverhampton's health integration.

Embrace the role of social enterprise – to diversify the types of economic activity available to create opportunities and improve wellbeing and productivity for people and communities.

Black Country City Deal Working Together pilot

City Deal 'Working Together' is a pilot project which aims to increase the employability of 2,800 long-term unemployed and economically inactive Black Country social housing tenants and move 900 people into work over a three-year delivery period. The project is a holistic "Journey to Work" programme which pulls together the key partner organisations and delivers tangible results for employers, employees, housing providers as well as delivering on the wider growth, Welfare to

Work and the Government's deficit reduction agendas.

Led by Accord Group, the delivery of the project is based on individualised need and the provision of support to address identified barriers to employment. 'Working Together' operates within specific geographical areas across Black Country local authorities, highlighting the appetite to drive inclusive growth in the region.

Inclusive Economy Partnership - Transition to Work

The 'Transition to Work' West Midlands Pilot aims to take a data driven, systems based, youth-led open innovation approach to reduce youth unemployment in local communities and support young people into work. It is designed to better reach young people who are currently not in education, employment or training by breaking down the silos that exist between organisations and taking an integrated approach defined by young people.

The pilot is part of the Inclusive Economy Partnership, bringing together business, civil society and government to help address major societal challenges facing those on low to middle incomes.

The pilot has a number of partners including Accenture, Movement to Work, UnLtd, O2, Youth Employment UK, Big Lottery Fund, Prince's Trust, Department of Workforce and Pension and West Midlands Combined Authority with support from the Cabinet Office and the Department of Culture, Media & Sport.



Actions

The evidence, which is summarised in the previous sections, gives us a detailed understanding of both our business sectors and the foundations of productivity which Government identified in the national Industrial Strategy.

Partners have worked together to identify clear actions which will deliver our commitments and drive progress on the foundations of productivity. They are rooted in what we know about our existing strengths and future opportunities. We have grouped our actions under three themes. Improving connectivity, driving opportunities in supply and value chains and building on our competitive advantages.

Building on our competitive advantages

All our sectors make an important contribution. The evidence shows that the West Midlands has particularly distinctive strengths and opportunities in four major fields:

- Mobility and transport innovation, as the home of electric vehicles, connected and autonomous vehicles and battery manufacture in the UK, supported by a dense and diverse network of supply chains
- Health care diagnostics, devices and testing, driven by data and AI
- Global professional services, driven by the largest full-service cluster outside London
- A globally-significant creative sector, with particular strengths in new content platforms, software and gaming

These existing and emerging strengths will enable the West Midlands to make a significant contribution to the major opportunities and challenges facing the UK, whilst driving growth across our cities, towns and rural communities.



Smart urban mobility - lead the smart, low carbon movement of people and goods

The West Midlands is the recognised centre of transport innovation in the UK. We have global research and business strengths in digital rail, the largest Connected Autonomous Vehicle (CAV) testbed 'Midlands Future Mobility' [<https://midlandsfuturemobility.co.uk>] and the leading specialist CAV vehicle manufacturers of Westfield and RDM. New facilities like the UK Battery Industrialisation Centre and the Advanced Propulsion Centre will add to the existing expertise.

We are also undergoing huge transport investment, building an integrated, multi modal system linked to HS2. The combination of the two gives us the platform for testing and developing UK and global solutions for the future of mobility. We know that resilience and integration in transport systems are critical to drive productivity, improve accessibility and air quality.

Headline actions include:

- Developing capabilities to use large volumes of near to real-time data sourced from intelligent roads and vehicles plus spatial and environmental data to manage new transport systems operating on a complex network. These will be developed alongside proposals for a new national open data institute specialising in CAV data
- Run a Challenge Fund call to look at digital services to support productive travel
- Run a demonstrator at the 2022 Commonwealth Games using visitor travel information to showcase new regional approaches to mobility across all modes of transport, including autonomous services
- Establish data and mobility technology scholarships for the analysis of mobility data and application of disruptive technology into the manufacturing supply chain and logistics
- Engage with UK government to develop a new West Midlands Future Mobility Zone to pilot and prove out the future transformation of UK smart mobility
- Working with the private sector to rapidly accelerate the delivery of electric vehicle charging infrastructure

Life Sciences – using data to improve health and wellbeing

We are a centre of translational medicine, one of the few locations that can provide the full cycle of activity required including in testing, devices and diagnostics.

Our diverse population reflects the future of the UK and we are a recognised centre of excellence and innovation in patient and health data. In the West Midlands the integration and availability of data creates a unique opportunity to create an environment for new care products and services, AI diagnosis and modelling the cost effectiveness of interventions. We aim to develop the UK's first regionally-scaled integrated translational research and health data hub providing safe and curated access to large, integrated and comprehensive clinical datasets, embedded within the innovation ecosystem and ensure that this is accessible to SMEs.

An innovative public and private partnership will drive the next phase of cluster development, including through ensuring the availability of employment land, incubator space and innovation support and the development of new commercial opportunities and markets.

Other priorities include:

- Working with the national Centre for Data Ethics and Innovation to provide evidence on how to improve the use of data and AI between businesses/sectors
- Exploring new citizen engagement strategies (e.g. behaviour change, open data etc) to further build active resident involvement
- Work with the innovation base to develop approaches to building data sets from research and innovation projects into a coherent regional library of health-related data
- Establish a virtual cluster of data studentships to work on regional health data problems and develop a skilled workforce for the future. Support health data skills in professions such as nursing where there is a responsibility for citizen health

Business, Professional and Financial Services (BPFS)

Our thriving BPFS sector has specialisms in financial, legal, accountancy and insurance. The strong underpinning of world class business schools including Warwick, Aston and Birmingham results in more business students here than any location outside London.

We are expecting to see continued growth in the sector supported by many of the actions in this strategy, particularly:

- Developing better links with local High Education and Further Education colleges to facilitate business growth through attraction and retention
- Significant local and national connectivity, including HS2 and infrastructure like varied housing stock
- Continued investment in high quality employment sites and office availability
- Support for digital innovation and new approaches in the supply chain to encourage new products and services
- Further inward investment marketing to establish the West Midlands as a key location for firms and business

Creative and gaming cluster

The creative cluster is internationally recognised. Leamington Spa and Coventry are at the heart of new content production and platforms. Emerging strengths include gaming, artificial intelligence and immersive on-screen media like film, TV, virtual reality (VR) and augmented reality (AR). Birmingham's Digbeth, and Jewellery Quarter have the strongest concentration of creative maker employment of any LEP area in the UK. Significant regional strengths are also identifiable across advertising and marketing, design (graphic, product and fashion), ICT and web-based services. In the coming years, our cultural, tourism and sporting businesses will power the delivery of the 2021 City of Culture and 2022 Commonwealth Games.

Headline actions include:

- A business led Creative Innovation & Talent Hub to discover, develop and showcase new creative content and diverse talent in broadcasting, arts, games and social media and develop and implement an ambitious cultural investment programme
- Implement a strategic programme of employment land development including smaller units for SMEs and grow-on space to support scale-up businesses and growing industries like gaming within the creative cluster
- We will respond to high demand for production by investing in the TV and film production capacity of the region by establishing new studio and production facilities
- Through our 5G testbed, provide a public asset and platform capable of driving market opportunities around new content generation
- Continue to foster spaces and networks for sharing IP and building new approaches to developing valuable ideas

Improving connectivity and opportunity

The West Midlands has always been built on connections between people, places and ideas. The innovations, products and opportunities of the future will come from the collaboration between sectors that were traditionally quite separate (such as gaming and automotive), from entrepreneurs in communities that have not historically had the access they deserve, and from creative businesses exploring new and different approaches, getting people engaged with their own health and wellbeing.

We need to continue to build the connections that people need for the future. Alongside transport connectivity and our digital infrastructure, this includes improving the accessibility of skills and jobs for all our communities and the networks and linkages between businesses, universities and colleges that drive ideas and innovation. Devolution gives us new tools to bring together investment in transport, housing, skills, public service reform and wellbeing to drive long-term change and work in partnership with Government, including to identify where further devolution would improve impacts.

Equip the region with efficient local, national and international infrastructure

- Build a **fully integrated and seamless, multi-modal transport system** across the whole region, investing £3.4bn over the next decade in trams, roads and rail. A West Midlands integrated control centre to deliver the smartest streets and best managed network including during HS2 construction and major events such as the Commonwealth Games, reducing congestion, improving journey times, air quality and productivity
- Further **strengthen international connectivity**, ensuring that the region is nationally and globally connected through HS2, UK Central and a growing airport
- Be the **first 5G ready region**, leading the way for the UK through the UK Government backed national Urban Connected Communities pilot and with a strong supporting digital infrastructure including a full fibre network

Public and private partners in the West Midlands are committed to ensuring that all our investment improves the natural environment

- Embed a **natural capital approach** in our investment strategies – in line with world leading economies using innovative solutions to urban challenges such as air quality, flood water management, overheating in urban areas, climate change adaptation
- Seeking to green transport routes; improve access for walking and cycling through natural corridors, with the ambition of an **annual net gain for biodiversity** and natural capital
- Improve **air quality** through a strategic action plan for the West Midlands, to improve health and wellbeing and unlock new clean growth opportunities
- Work with the private sector to accelerate **charging infrastructure for zero emission vehicles** across the region, driven by demand
- Build on planned investment of more than **£15bn in local energy projects** to 2030 to secure the additional power which industry needs, particularly the manufacturing supply chain. Energy Innovation Zones, as proposed by Energy Capital, are one way in which the West Midlands is a pioneer in this field, as outlined in the following case study

Energy Capital

The cost of energy is fundamental to increasing productivity in the West Midlands economy whilst improving outcomes for residents. Energy Capital is the West Midlands' place-focused approach to investment in energy infrastructure and local energy supply, creating new markets for businesses and addressing citizen inclusion by reducing fuel poverty.

Energy Innovation Zones will channel investment over the next 15 years including a £500m specialist regional public – private investment fund to support local energy solutions for our clusters, transport infrastructure and new communities.

Working with industry partners, government and regulators we are developing and testing this new model of a regional energy infrastructure commissioning and market-making.



Deliver an ambitious housing programme and ensure availability of strategic employment land

- Increase the rate of housing delivery by implementing the **£350m housing plan**, investing £250m in land remediation and developing the skills required through the National Brownfield Institute in Wolverhampton. We will work to re-set the housing contract as an economic good and the end to end approach to house building with a firm commitment to deliver a broader choice of tenures and styles. We will deliver quality through a West Midlands wide design standard for new buildings and diversify this increased delivery by encouraging new entrants to the market, including through modular build, and support the provision of new skills needed as the industry changes
- Implement a **strategic programme of employment land development** whilst also revitalising existing sites to bring them back into productive use. Provision will also include smaller units for SMEs and grow-on space to support scale-up businesses and growing industries like our gaming cluster

Ensure people of all ages, in all our diverse communities, are able to access the skills they need to sustain good jobs and careers

- Create a West Midlands **Career Learning Hub** to improve the focus and impact of careers education and advice. Inspire more young people and encourage them to access new regional opportunities, for example by celebrating and promoting our most powerful role models - our young talent across the region. Work closely with the Department for Education (DfE) and its agencies, including Ofsted, to highlight regional issues and opportunities
- Use **targeted inclusion** to unlock participation in particular cohorts, connecting communities and individuals to opportunity, using the inclusive growth corridors as a primary mechanism for this. Maximise our international assets in the universities and civic and global exchange programmes, to give our young people exposure to international experiences to support social mobility, including through mentoring and access to long term support and advice

Give more people the skills they need to move into employment by:

- Delivering our £4.7m **Employment Support Pilot** to support those out of work and on low incomes in targeted communities
- Establishing an **employment support framework** for the region to improve the co-ordination, commissioning, delivery and impact of all programmes to support the unemployed
- Improving the range and **impact of the career planning advice** that unemployed and low-paid adults can access
- Improving our focus on **upskilling low paid and low skilled residents**, to improve their long-term career and income prospects
- Providing a **new employment support service** for people with a mental health and/or physical health condition in primary and community care through the Thrive into Work project
- Supporting the effective delivery of the **Work and Health Programme** in the WMCA area working with Jobcentre Plus and Department for Work and Pensions and taking an active role in the performance management of the contract
- Deliver current and future training and skills provision through the **Adult Skills Budget** (c£100m) and retraining funds (c£10m) building on successful provision across region

Ensure skilled employees are available to support business growth and productivity

- Accelerate the uptake of **quality apprenticeships** by maximizing Levy investment for the West Midlands. Lead a regional campaign to promote the benefits of apprenticeships – to employers, young people, employees and key stakeholders. Support more young people to access pre-apprenticeship provision and to progress into high quality apprenticeships
- Support the introduction of new **T-level routes** and work experience openings to improve the work-readiness of young people. We are seeking full Government backing for Dudley Institute of Technology which will redevelop land to provide teaching facilities for higher level skills programmes and for the Greater Birmingham & Solihull IoT which focuses on advanced manufacturing and industry 4.0 through greater collaboration of Further and

Higher Education and creating clear pathways from level 3 to level 6

- Create **employer-led taskforces**, for each of our priority sectors, to drive curriculum and skills provision that meets employers' needs. Develop an investment plan to build teaching capacity and access to industry standard teaching equipment and facilities, across the region
- Attract and **retain the talent business needs** with employers and education providers working together to attract the brightest and best to the region
- Create the West Midlands new **Digital Skills Partnership** that links the region's existing and emerging digital offer with national and sector-based initiatives

Through our devolved arrangements on skills, create a more agile and responsive skills system that is more aligned to the needs of business and individuals and which allows more people to move into higher skilled jobs.

Develop a **skills ecosystem** for the West Midlands which:

- Recognises the inter-dependence of schools, further education (FE), higher education (HE), adult and community learning and private and voluntary training providers and facilitates stronger collaboration with employers, to address regional skills needs
- Supports our local authorities in their work to improve school performance and young people's attainment
- Re-design the way we do partnerships – placing residents and businesses at the centre of our skills training offer with clearer progression and integrated training offers
- Encourages region-wide approaches wherever possible so we can develop joint funding bids, shared infrastructure and sharing of good practice

Ensure businesses are connected to the customers and opportunities which will allow them to drive growth

- Explore a business led Creative Innovation & Talent Hub to discover, develop and showcase new creative content and diverse talent in broadcasting, arts, games and social media and develop and implement an ambitious cultural investment programme
- Increase **internationalisation** by continuing to leverage national resources and the Midlands Engine brand, focussing on both high value contracts and those new exporters and securing first overseas orders. This will include identifying, researching and accessing new markets with a particular focus on smaller businesses, which may not currently be supported
- Embed support for growing business in our most deprived and diverse communities for business-led inclusive growth

Improving innovation and making best use of research assets is central to productivity growth.

We will further develop a strengthened and integrated innovation support system through:

- **Innovation networks and linkages:** Building on existing programmes to join-up assets, entrepreneurs and exploitation of synergies across sectors, technologies and supply chains, including shared incubator environment, sector specific tech transfer networks and business led forums to advise on sharing and developing intellectual property
- **Innovation investment programmes:** Integrate investment in innovation with local supply chains, supporting broad and accessible investment and access to a good supply of appropriate finance products on attractive terms including equity financing and innovation support funding, such as SME Reach Fund and finance for smaller scale R&D projects
- **Innovation talent:** Support business with the skills needed to innovate and deliver, either through access to appropriate training, or to resource in universities, Catapults, and technology innovation networks, including exploring proposals such as CITEC and supporting businesses developing the management skills needed to unlock innovation
- **Innovation intelligence:** Create a West Midlands foresight programme as a mechanism to generate new ideas and promote awareness of latest market demand from large firms and the public sector for innovative SMEs as well as technology drivers of change
- **Bids:** Coordinate West Midlands' highest priority research funding bids with oversight from the Innovation Board
- **Innovation culture:** Showcase the impact and importance of innovation across the West Midlands' public and private sectors

Driving opportunities supply and value chains

The focus will be on interventions that maximise impact by driving change into our deep and diverse supply chains, identifying unconnected supply chains and enhancing value chains.

Improve in work progression

- Help workers to **move up the value chain** and access more employment opportunities through in-work progression. This will happen by increasing the West Midlands offer around cross-sector in-work progression opportunities accessible to employers and residents working in retail and other low paying sectors. Support retraining for those whose jobs are at risk of automation
- Create **employer-led, sector action plans** that address current and future skills priorities

- Direct £40m **Apprenticeship Levy** funding to support more apprenticeships for SMEs, targeting **Science, Technology, Engineering and Mathematics (STEM)** skills in our priority sectors and supply chains

Ensure access to support for all businesses

- Build on the existing **advanced manufacturing supply chains** to improve their global competitiveness through supply chain SME support led by businesses for businesses, including the Advanced Manufacturing Supply Chain programme

- Deliver **dedicated, segmented business support** focused on our highest growth potential industries through dedicated “cluster” support for future high growth sectors
- Maximise our **management and leadership capabilities**, building on existing successful programmes and increase peer-to-peer mentoring provision with business leaders of today mentoring leaders of tomorrow, building on successes of pilot programmes
- Launch a **fund for new industry co-investment** to provide wrap-around support for businesses looking to grow into new sectors, supply chains and markets, who need to invest in new technologies and capital to grow into those markets
- Tackle **access to finance** from both the supply and demand side. Maximise existing routes for loan and equity finance, attracting more private investment but also working with our businesses to ensure that they are investment ready through business planning, support and advice from entrepreneurs
- Develop a virtual **Productivity Factory**, working with businesses and trade bodies, to strengthen supply chains by improving firm level productivity. Using expert industry benchmarking and coaching, masterclasses on management processes, accessing new markets, supplier efficiency and sector-specific topics
- **Expand scale-up support** to ensure that no high potential companies miss out on support which will help position them to provide the good jobs of the future

Drive improvements into specific industries to boost their capacity to respond to regional opportunities

- Maximise the opportunity of the **Commonwealth Games and City of Culture**, including through focussed support to extend the season and further increase business tourism. Targeted support to drive productivity through the **visitor economy**, developing bespoke qualifications for staff looking to step into management roles, providing key underpinning skills and competencies together with the business insights required
- Maximise the opportunity of **HS2** to create regional supply chains and the skills both to service HS2 and wider infrastructure projects to include a long-term rail/infrastructure strategy along with dedicated support to address both supply and demand side challenges ensuring our businesses benefit fully from HS2 opportunities
- Explore opportunities to accelerate the use of data and innovative processes and products in the **construction industry** - enhancing process innovation via modern methods of construction, building information modelling and modular build. Incorporating innovation in houses as they are being built, working with housing associations and other providers
- Develop proposals for a **Brownfield Institute**, reinforcing our existing expertise and developing future skills and supply chain opportunities
- Create a national **Centre of Excellence for Commissioning** to drive procurement excellence, social and environmental value and innovative behaviour through contracts, particularly focussing on construction and digital infrastructure

Consultation questions

Will these emerging actions help your business or community grow and succeed?

What else will help your business and/or community grow and succeed?

Grand Challenges

The Government has identified four Grand Challenges: Future Mobility, Clean Growth, Ageing Society and Artificial Intelligence and Data. All are areas of significant, long term social, economic and technological change. Demand for solutions will drive the creation of new markets for innovative products and services and it will disrupt current models and approaches. The UK's response to these changes will define its future success.

To understand the ways in which the West Midlands can lead the response to and benefit from these national trends we have consulted widely with academics, thought-leaders and industry experts. Our Industrial Strategy will be built on a clear understanding of where we can build on our existing and emerging strengths to deliver our ambition and make a major contribution to tackling these challenges. There are three major areas where the West Midlands can play a leading role, which are central to the actions and analysis in this consultation and we can create innovative products and services that align with significant future investments in the region.

- Energy Capital – putting the West Midlands at the forefront of developing of local energy infrastructure and markets
- Smart urban mobility - a global centre for mobility innovation and the smart, autonomous, and low carbon movement of people and goods
- Health data - a globally recognised centre for data driven diagnostics, devices and testing and resident involvement in health

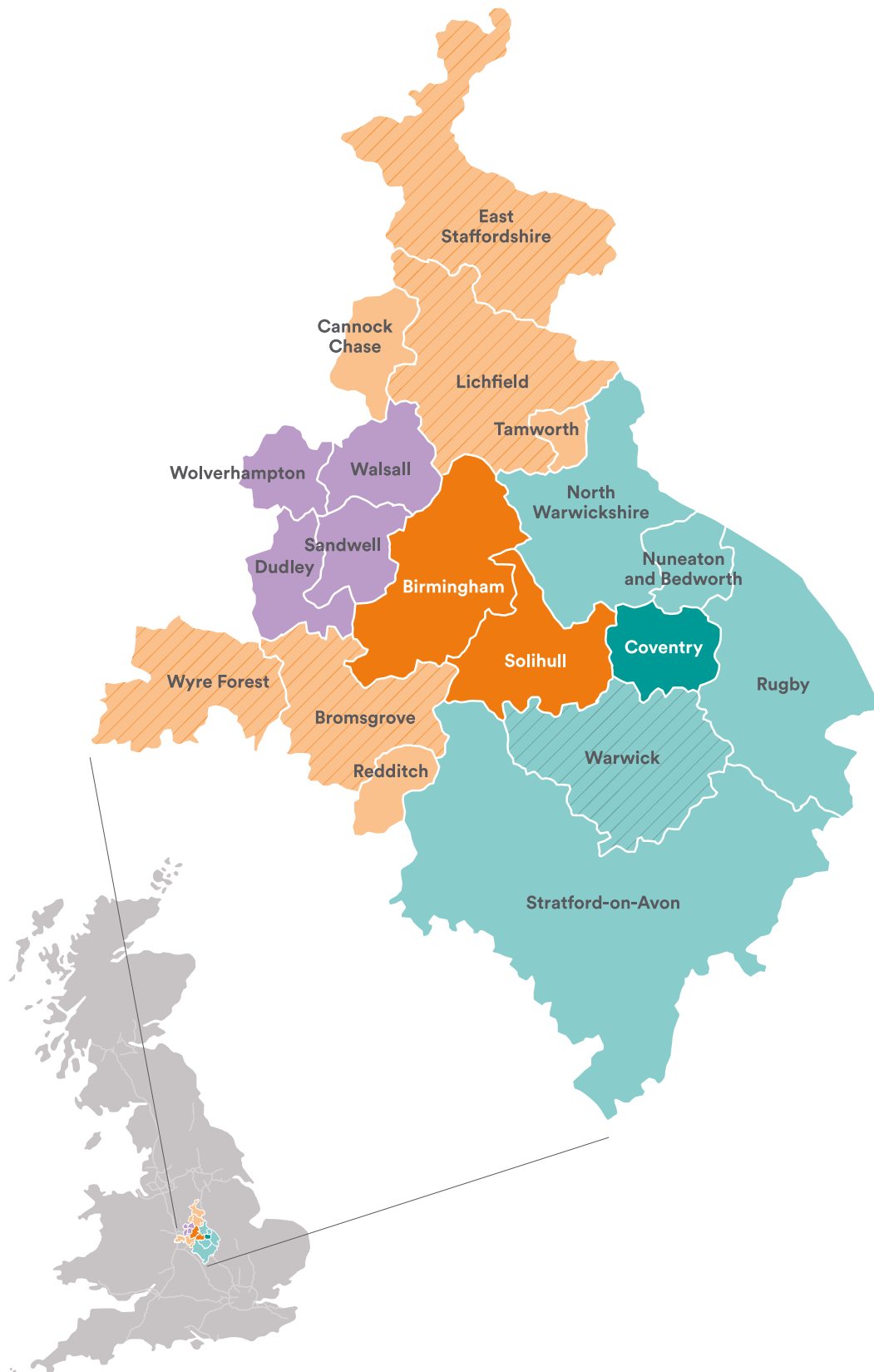
Other opportunities for innovative new markets driven by these large-scale trends and changes, linked to major investment and events in the West Midlands include:

- Using the City of Culture as an opportunity to bring creative approaches to engaging with older citizens and communities and reduce isolation
- Making the Commonwealth Games a showcase for driving digital services and smart city applications at scale and leaving a legacy of digital citizen services
- Use the development of new homes and communities to drive innovative approaches to sustainable construction and improve sector productivity, and to address challenges around active living, digital community engagement, clean energy and urban spaces
- Innovative products and services to support an ageing workforce
- Develop the infrastructure and support required to maximise value from future supply chains in waste

Consultation question

Are these the right opportunities for the West Midlands to take in order to benefit from and make a major contribution to the UK's response to Grand Challenges?

The West Midlands Local Industrial Strategy area



Evidence

Over the past two years, the West Midlands has developed a comprehensive evidence base and detailed understanding of our economy. This has involved detailed analysis of the drivers of productivity and growth, alongside our business sectors and how they inter-relate. To be effective, our strategy has to target action on both, and in ways that have maximum impact on our businesses and people.

This enables us to be precise about different opportunities and challenges:

- In specific sectors and sub-sectors - such as powertrain and battery technology in automotive, or gaming in our creative sector
- Across sectors, such as our competitive advantage in mobility innovation or the need for cross sub-sector innovation support in the manufacturing supply chain
- Understanding the relationship between the foundations of productivity and what drives inclusion, so that we can be clear about the impacts of different interventions and target investment accordingly

This level of detail is fundamental in a world where technology is creating opportunities and challenges that are increasingly cross sectoral and where success depends on technological development, creating new markets and where we know that traditional approaches to growth models and outputs have not delivered benefits to all our communities - not picking winners, but putting in place support for new approaches to production, new supply chains and working patterns, building on the expertise and global advantages that we have.

You can find the full emerging evidence pack that supports our Industrial Strategy here [<https://www.wmca.org.uk/media/2457/economic-research-library.pdf>].

In addition to the full evidence base, put together initially for our 2016 economic strategy and recently updated, we also publish regular updates on key trends and statistics as new figures become available. The most recent “State of the Region” report is published here [<https://www.wmca.org.uk/media/2341/wmca-sor-full-technical-report.pdf>].

Since 2016 the West Midlands has also established independent commissions of leaders and experts in the fields of land supply, skills and productivity, Leadership and mental health. Together these directly address the foundations of productivity, their reports can be found here [<https://www.wmca.org.uk/what-we-do/research-analysis>].

The West Midlands has an established approach to evaluation and internationally recognised academic expertise in understanding the impact of different approaches to productivity and growth in cities, clusters and supply chains. We are deeply committed to building this capacity through this strategy, so the West Midlands continues to make a leading contribution to global practice and expertise.

Next steps

In the weeks ahead, a large number of organisations will be running events and discussions about the ideas and actions in this consultation document. Please get involved and send us your responses to the consultation questions by Thursday, 15 November 2018. You can find further details on our website [<https://www.wmca.org.uk/what-we-do/industrial-strategy>].

Consultation Questions Summary

1. Have we identified the right strengths and competitive advantages in our sectors?
2. Are the challenges and opportunities facing our economy accurately articulated?
3. Are these the right opportunities for the West Midlands take in order to benefit from these Grand Challenges and make a major contribution to the UK's response?
4. Does this emerging approach to inclusive growth have the potential to meet the challenge?
5. How could your organisation get involved to help?
6. Are these the right ten strategic commitments?
7. Do they reflect the momentum which is underway and the opportunities ahead?
8. Will these emerging actions help your business or community grow and succeed?
9. What else will help your business and/or community grow and succeed?



West Midlands
Combined Authority

