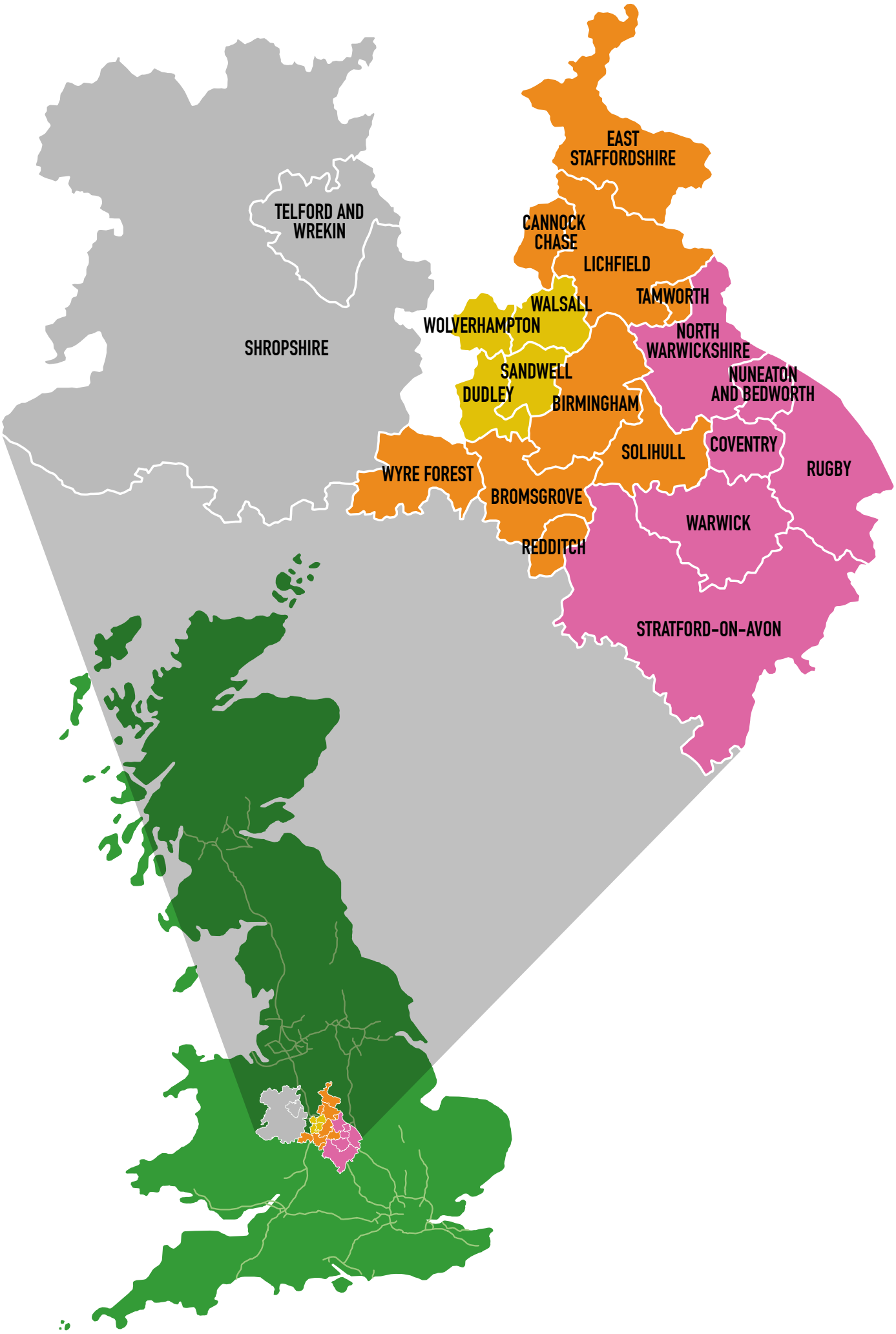
WEST MIDLANDS
COMBINED AUTHORITY
Strategic Economic Plan

MAKING OUR MARK...

...THE WEST MIDLANDS, THE BEST REGION IN THE UK TO DO BUSINESS


EAST STAFFORDSHIRE
TELFORD AND WREKIN
CANNOCK CHASE
LICHFIELD
TAMWORTH
WALSALL
WOLVERHAMPTON
NORTH WARWICKSHIRE
SHROPSHIRE
SANDWELL
NUNEATON AND BEDWORTH
DUDLEY
BIRMINGHAM
SOLIHULL
COVENTRY
RUGBY
WYRE FOREST
BROMSGROVE
WARWICK
REDDITCH
STRATFORD-ON-AVON

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Foreword

In the West Midlands we're rightly proud of our many assets – the people, places and history that make us such a unique region. We're proud of what we've achieved, but we're ambitious to do more. The creation of the West Midlands Combined Authority and the devolution deals on offer from government provide us with the ability to do more for our people and the area and we're determined to seize this once in a generation opportunity to deliver faster, better change for the future.

This plan – our Strategic Economic Plan – sets out a bold, ambitious and robust programme, developed by a unique collaboration of businesses, public sector organisations, universities and others who share a passion for, and pride in, the West Midlands. We're determined to make our mark so that the West Midlands becomes the best place in the UK to do business.

EXECUTIVE SUMMARY

This strategic economic plan (SEP) sets out the vision, objectives, strategy and actions to improve the quality of life for everyone who lives and works in the West Midlands. It has been developed and agreed by a wide partnership of people, organisations and businesses who share a pride in, and ambition for, an area with unique assets, challenges and opportunities.

The SEP is based on an understanding of what makes the West Midlands different; its uniqueness is not simply based on its location in the heart of the country and a long and proud history of manufacturing excellence, but its cultural diversity, its track record in innovation and its potential to support a young, diverse population to flourish across its cities, towns, villages and countryside.

The SEP's ambition is based on the recognition that, through devolution, the West Midlands' assets can be enhanced to benefit not only its residents and businesses, but the entire nation. Economic growth across the West Midlands delivers a better, more successful and more vibrant UK economy, playing a key role in maintaining and improving the UK's global competitiveness.

Devolution and the creation of the West Midlands Combined Authority (WMCA) provide the area with a once in a lifetime opportunity to transform the area through a robust and focused programme of change. The WMCA's vision-led approach to transformation enables ambitious, yet achievable outcomes focused on the issues that matter; the issues that make the biggest differences to the quality of life of the people who live in the area.

The SEP has been developed through a powerful collaboration of organisations who have played to their strengths and shared their expertise to ensure the WMCA's vision is robust, achievable and ambitious. In particular, the leading role universities play in economic development has been a key factor in the development of the SEP.

It sets the context for the WMCA's devolution agreement with Government and explains how devolved powers and resources will be used. It also sets the scene for subsequent devolution agreements with this and future governments.

The WMCA provides the scale and capacity to respond to the opportunity of devolution and go further and faster in enabling economic growth. It also enables the area to contribute to, and benefit from, the ambitious Midlands Engine programme with its focus on skills, innovation, transport and inward investment.

The WMCA is determined to seize the opportunities offered through devolution to deliver a robust and ambitious vision for the West Midlands in 2030. Delivering the vision will see the area home to the biggest concentrations of advanced manufacturing in Europe and a major player in the global economy.

The area's innovation infrastructure will play a crucial role in increasing productivity and reforming public services, with the recommendations of the Midlands Engine Science and Innovation Audit informing the WMCA's approach.

Balanced growth will benefit the whole region. It will improve the life chances of everyone who lives in the West Midlands, especially those facing multiple disadvantages. It will ensure the skill levels of local people match and then exceed the national average, that employers have the right support so their employees have the skills they need, and people of all ages have access to the best education and training.

The key to successful growth will be work to remove barriers to development to create a higher volume of housing. The WMCA will ensure acceleration of the housing market to support economic growth and to provide a better range and more sustainable mix of homes for sale and rent across the area, including attracting a greater proportion of higher income households with the skills to drive a knowledge-led economy to live in the area. A greater and broader range of housing will improve the quality of life of people across the West Midlands, giving people more choice, alternative tenures like mutual home ownership and will particularly help younger people.

The drive to improve productivity across the West Midlands is vital to achieving the SEP's vision and the WMCA has established a Productivity and Skills Commission to focus on the action needed to make sustainable breakthroughs in this very complex area.

The WMCA's strategy also focuses on public service reform and the transformation of the lives of people in the West Midlands. Transformation is not just about reducing the net deficit of around £3.9billion a year between the level of public expenditure and the income raised through taxes and revenues, but about improving the quality of life of everyone in the area.

The current system of public services is fragmented and over-centralised and, too often, fails to meet needs. Projected levels of resources will not deliver acceptable outcomes without radical reform. Devolution provides the opportunity for a fundamental change in public services through pooling budgets across services and organisations and a new approach to people and technology.

The public service reform programme includes an initial programme of activity supporting people with complex needs, reforming criminal justice and improving employment, skills and mental health. The WMCA plans to deliver services that improve the quality of life of people, improving life chances, health and wellbeing, preventing demand, reducing dependency, growing the capability and untapped assets in communities and supporting the ageing population.

The West Midlands' economy, already home to hundreds of globally competitive businesses from Carillion to Moog and from Jaguar Land Rover to Cadbury, provides a strong foundation for growth. In recent years, its economy has grown faster than the national economy and the area is a national leader in attracting inward investment. The core of its economic strength is in advanced manufacturing and engineering but a number of growing dynamic sectors, including creative, digital and life sciences, are playing an increasingly significant role in the area's successes; the strong potential of the creative sector in the area for further growth will be fully harnessed by the WMCA.

High quality connectivity, by rail, road and air, is a significant competitive advantage, which will be strengthened by the arrival of HS2 and the further development of Birmingham Airport as an international gateway with an increasing number of long haul flights.

The UK Central growth corridor – linking Birmingham, Solihull and Coventry - is already playing a part in delivering success and HS2 will further transform connectivity in Britain with the potential to underpin the re-balancing of the British economy. With travel time from London to Solihull of just 38 minutes it will be a transformational project for the West Midlands and the WMCA will ensure that HS2's potential is fulfilled as part of a wider transport strategy, set out in the West Midlands' strategic transport plan "Movement for Growth".

HS2 presents an unprecedented opportunity to establish the West Midlands as a world-class business location. It will transform connectivity advantages, provide significant supply chain opportunities for leading engineering and construction businesses and provide a focus in driving up skill levels.

The area's economic geography is a massive asset, with Birmingham city centre at its heart and the two cities of Coventry and Wolverhampton well placed to build on their significant potential. The growth opportunities at UK Central are manifold, while the surrounding areas of southern Staffordshire, north Worcestershire and Warwickshire bring complementary strengths in terms of business, housing and leisure offers.

Alongside high value manufacturing in the Black Country and extensive research and development (R&D) assets and the automotive industry in the south and east of the conurbation, cultural diversity is increasingly reflected in the economy, with nationally significant environmental and cultural assets such as Shakespeare's birthplace and as part of the wider Local Enterprise Partnership (LEP) geography Ironbridge, supporting a high quality of life.

The area's vibrant cities and towns are complemented by villages and countryside that are easily accessible to, and enjoyed by, millions of people; the patchwork of urban and rural environments stretching across the West Midlands adds to the area's unique qualities and characteristics and all play an important role in shaping the area's future prosperity.

The cultural diversity of the population is a major economic and cultural advantage for the area and the strong sense of pride in place and highly developed local identity that runs through the cities, towns and villages of the West Midlands is key to the successful delivery of the SEP. The mix of assets across the area provides a unique collection of strengths and opportunities that will be fully harnessed in the coming years.

The West Midlands is home to some of the most innovative businesses in the UK, with an excellent infrastructure supporting innovation and R&D, drawing on the skills and resources of its universities, science parks and research institutes. The SEP recognises the opportunity to extend the use of this infrastructure to more businesses, building on current success in developing manufacturing and engineering excellence. University expertise will also help drive public service reform and, crucially, provide the evidence base to ensure, for the first time, confidence in proving what interventions work to transform people's lives.

Despite these strengths, forecasts suggest that on current trends the output gap between the West Midlands and the rest of the UK will widen between now and 2030. This is attributable to the large number of low value companies in low growth sectors, the low business birth and survival rates in some areas, and the comparatively high number and proportion of residents with low skills and, in many cases, no formal qualifications. Productivity is constrained by poor life chances caused by issues like poor mental health, worklessness in households and complex needs.

Councils and LEPs across the West Midlands have been acting to tackle this and progress, through the delivery of individual SEPs over the last five years has been impressive. However, outstanding challenges remain and include:

- strengthening local supply chains and re-shoring activity to the West Midlands
- enabling more businesses to take advantage of the R&D and innovation infrastructure
- improving road and rail infrastructure
- boosting business birth, survival and growth rates in parts of the area
- improving skills base and ensuring that businesses have access to the skills they require
- bringing forward land for housing and employment
- accelerating the rate of house building to match aspirations for growth.

These issues can now be tackled more effectively, more coherently and at a greater scale then ever before through the WMCA, the devolution deal and this SEP, which complements and supports the LEPs' individual SEPs rather than replaces them. It focuses on action of strategic importance across the area and/or of sufficient scale to warrant attention at a combined authority level. The SEP also puts in place the strategic framework to enable the WMCA to take decisions about the use of the resources that have been devolved to it.

The SEP enables further and faster growth than has been predicted in the three individual LEP strategic economic plans through the economy plus model, which builds on the West Midlands' strengths and potential to make a bigger contribution to the national economy; delivering 50,000 more jobs than originally predicted in the three LEP plans alongside an additional £7billion Gross Value Add (GVA) – creating greater total output across the regional economy.

The GVA measure allows the WMCA to track performance against others in the UK (and globally). In basic terms, increased GVA provides evidence for real growth in the West Midlands' economy.

The strategy uses the economy plus model to deliver the vision and is based on the strengths, challenges and opportunities faced across the area and the development of a strategic approach that focuses on priority actions, channels and principles.

The eight priority actions are:

1. **New manufacturing economy:** harnessing the biggest concentrations of high value manufacturing businesses in Europe and their supply chains.
2. **Creative and digital:** further developing the area's vibrant and flourishing sector.
3. **Environmental technologies:** securing transformational environmental improvements.
4. **Medical and life sciences:** enabling the further growth of the medical and life sciences sector and supporting other businesses to diversify and become part of the sector's supply chain.
5. **HS2 growth:** maximising the benefits of the largest infrastructure project in Europe.
6. **Skills for growth and employment for all:** ensuring the skills needs of businesses are met and everybody can benefit from economic growth.
7. **Housing:** accelerating the delivery of current housing plans to increase the level of house building to support increased level of growth.
8. **Exploiting the economic geography:** making the most of the scale and diversity of the West Midlands' geography to enable economic growth and community wellbeing throughout the urban core and rural areas.

A clear mechanism to assess delivery, activity and the impact of proposed interventions is crucial. The WMCA has commissioned a new, bespoke economic modelling framework - a Dynamic Economic Impact Model (DEIM) – to provide a robust mechanism to measure the economic impact of investments. The WMCA will develop this unique model so it becomes internationally renowned and respected.

Alongside new ways of working, performance management and governance frameworks, this will ensure resources are focused in the right places at the right times to deliver fast, flexible and dynamic change for residents, businesses, their employees and cities, towns and villages across the West Midlands.

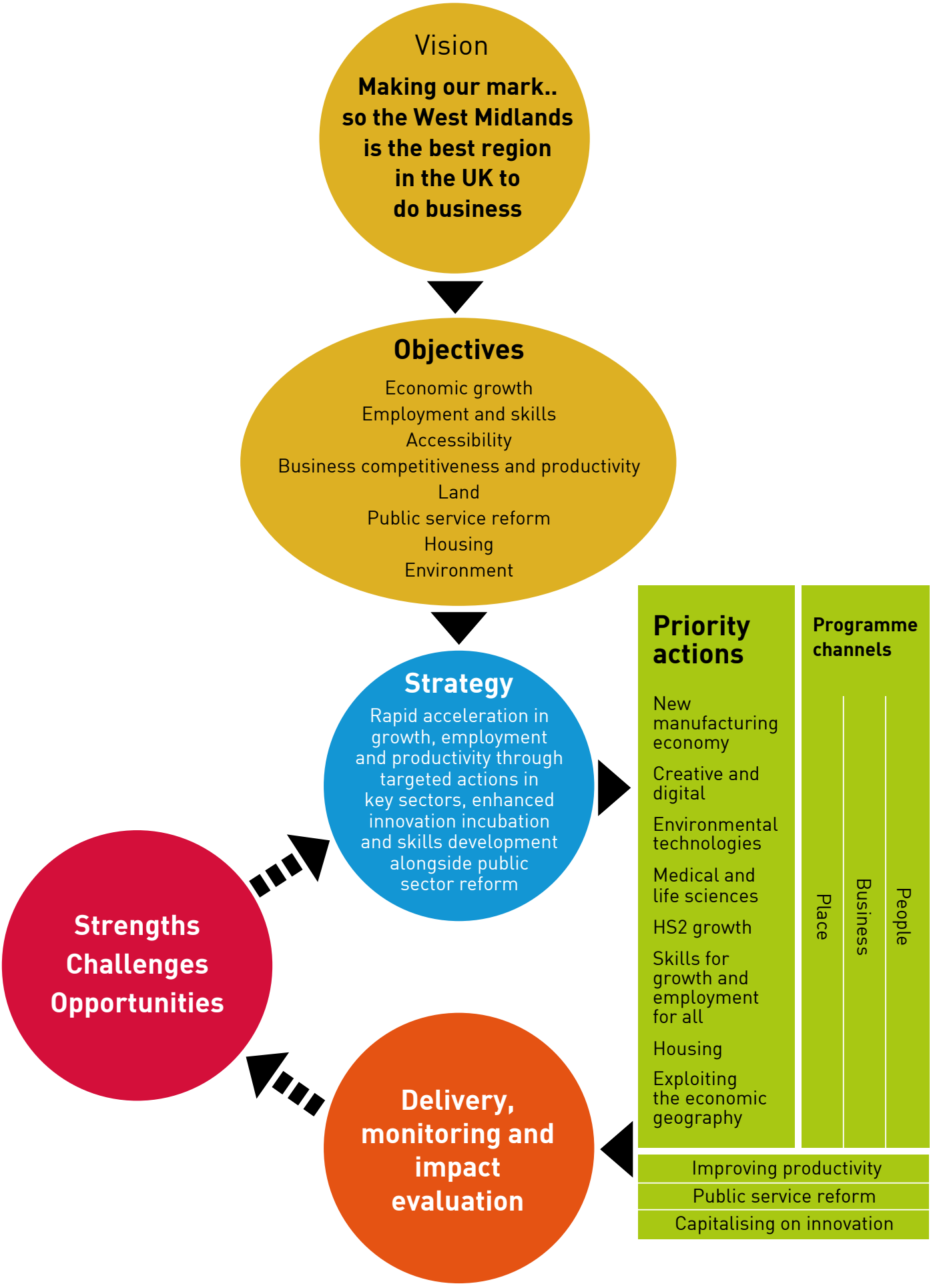
The WMCA is focused on taking swift action to deliver its vision and a first phase of activity is already underway; the creation of a growth company working with the private sector and across the area will support and help accelerate the delivery of the SEP.

This SEP outlines in more detail the strengths, challenges and opportunities facing the area and the strategic approach the WMCA will take to deliver its vision.

At the heart of the strategy is the drive to accelerate an improvement in productivity and enable the West Midlands to become a net contributor to the UK exchequer - while improving the quality of life for everyone who lives and works in the area.

It is an ambitious plan, but no less than the West Midlands needs and deserves.

ROUTE MAP


Vision
Making our mark.. so the West Midlands is the best region in the UK to do business
Objectives
Economic growth
Employment and skills
Accessibility
Business competitiveness and productivity
Land
Public service reform
Housing
Environment
Strategy
Rapid acceleration in growth, employment and productivity through targeted actions in key sectors, enhanced innovation incubation and skills development alongside public sector reform
Priority actions
New manufacturing economy
Creative and digital
Environmental technologies
Medical and life sciences
HS2 growth
Skills for growth and employment for all
Housing
Exploiting the economic geography
Programme channels
Place
Business
People
Improving productivity
Public service reform
Capitalising on innovation
Strengths
Challenges
Opportunities
Delivery, monitoring and impact evaluation

THE VISION

MAKING OUR MARK. . .THE WEST MIDLANDS, THE BEST REGION IN THE UK TO DO BUSINESS.

The West Midlands will be a place that meets people's needs and aspirations throughout their lives and where everyone's life chances, health and wellbeing are improved. The area's many existing assets – its diversity, its world class cultural offer, great cities, towns, villages and countryside that's well connected to the rest of the country and beyond – will be further enhanced and celebrated.

Local people of all ages will have access to first class education and training. The area will be a global modern manufacturing economy - home to one of the biggest concentrations of advanced manufacturing and engineering in Europe, with its companies being supplied by clusters of local businesses with a reputation for high quality. It will attract people and investment from around the world.

The West Midlands will be internationally recognised and respected for innovation and businesses will benefit from the area's innovation support infrastructure, including its network of research, economic intelligence and policy institutes.

A new approach to planning and urban design will enable an increased rate of housebuilding and a wide choice of housing, improving the environment and quality of life for everyone who lives and works in the West Midlands. There will be a supply of employment land of national significance - the regeneration of which will have transformed large areas of brownfield land.

Public service reform will have eliminated the differences between taxes raised and public expenditure in the area and improved the health and wellbeing of 4.5 million people. This will reduce the gap in life expectancy between the richest and poorest, increase productivity, reduce demand on public services and enable economic growth and innovation. Above all, it will have made the West Midlands a place where its people can lead healthier and happier lives.

In 2030, four years after the arrival of HS2, the West Midlands will have unrivalled growth that benefits the region and the country, further improving the UK's global competitiveness. Its economic growth will have delivered better life chances, raised aspirations and created a better quality of life for all its residents.

It will have created an economy and a community that's dynamic, resilient and flexible, with the ability to meet new challenges, changing environments and different futures.

SECTION 2

DELIVERING THE VISION BY 2030
THE FIGURES

2.4 million jobs
an increase from
1.9 million jobs

Wide choice of housing with more than
1.9 million homes

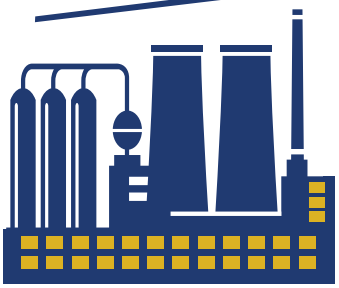
Healthy life expectancy will raise to

62.3 years — **61.5** Men

63.9 years — **62.3** Women

At least
153,000
fewer people with no formal qualifications and
156,000
more people with level 4 qualifications or above

Rail travel to London | **38 minutes**



An extra
1,600ha
of brownfield land, for first class employment land of national significance

Home to
150,000
businesses - almost
20,000
more than today

Productivity (measured in Gross Value Add-GVA per head) will be
5%
higher than the national average

Current
3.9 billion
deficit between taxes raised and public expenditure in the area eliminated

Delivering the vision - targets and objectives

The WMCA will track progress in achieving its vision through objectives which reflect the underpinning principle of benefits balanced across the three LEP geography.

Performance against SMART objectives will be used to inform future priority actions and interventions, including future devolution deals and policy needs. The WMCA will track collective progress and direction of travel measured against outcomes in the WMCA's performance management framework (section eight).

HEADLINE	BALANCE METRIC HEADLINE	BY 2030... WMCA SMART OBJECTIVES
Economic growth	To improve GVA for the region in line with the UK average.	GVA per head of population will be on a par with the UK average by 2026 and 5% higher than the UK average.
Employment and skills	To improve the balance between the skills that businesses need and the skills of local people so that they have the skills and qualifications to access jobs	Average earnings of working age population will be 13% above UK averages with the living wage as the foundation minimum wage Proportion of people qualified to NVQ4 or above will have increased to 36% to match the national average and the number with no qualifications will have fallen to 9% to match and then better exceed the national average. Unemployment rate will be below the national average
Accessibility	To improve the connectivity of people and businesses to jobs and markets respectively.	Significant increase in the percentage of residents with access to jobs Improved broadband connectivity in urban and rural areas with 100% of premises having superfast broadband (currently 88%) – an extra 210,000 premises.
Business competitiveness and productivity[1]	To improve the productivity (GVA) of businesses, focusing on growth sectors.	Value of the businesses in growth sectors will have increased by 114% to represent 70% of the economy The % of start-ups reaching a turnover of £1m within three years will be above the national average.
Land	To improve the quantity of high quality, readily available development sites to high quality locations that meet housing and business needs.	The area's environment will be transformed with an additional 1,600 ha of industrial land available and a wide variety of housing stock of 1.9million.[1]
Public sector reform	To secure better for less from public services, improve the life chances and the health and wellbeing of communities	The WMCA will be a net contributor to the UK exchequer, no longer a cost centre having eliminated its £3.9bn deficit (based on 2015 levels of tax income and public expenditure).
Health		Reduction in the health inequality gap within the population. The healthy life expectancy for men will be raised from the current WMCA average of 61.5 to national average of 62.3 and from 62.3 to 63.9 for women.
Housing	A greater and broader range of homes	A wide variety of housing stock of around 1.9million homes
Environment	Improved competitiveness through energy and resource efficiency, stimulating new technology and business	Carbon dioxide (CO2e) produced from direct emissions by transport, businesses and housing based on 2010 baseline will be 40% less.

[1] Currently figures only relate to WM Met. area

BUILDING ON STRENGTHS, TACKLING CHALLENGES

The WMCA's vision is based on a robust and realistic understanding of the area's strengths, weaknesses and opportunities, to ensure its strategy delivers fast, flexible and sustainable change for the better. It aims to build on what's already working, while tackling the challenges faced across the West Midlands.

The vision focuses on the West Midlands' unique asset base which will help the area capitalise on the opportunities offered through the creation of the combined authority and the devolution deal. Accelerating the rate of improvement in productivity across the area is a key driver and the major challenge ahead.

But simply increasing productivity is not ambitious enough or good enough for this area and its people. Growing a more successful and better balanced economy means addressing the disconnect between the skills that people have and the skills that businesses need. It depends on securing long term investment, tackling long term challenges around transport, skills, business support, housing need and addressing the need for public service reform.

The three LEPs and the 21 councils who are members of the combined authority have successfully worked with business, higher education, the voluntary sector and other private sector partners for years to deliver economic growth and prosperity. Today, the WMCA and the devolution deals offered by Government provide the platform to accelerate the pace of this work, achieve a step change in the area's aspirations, make the most of a unique asset base and connect people to jobs across the West Midlands.

In developing its strategy the WMCA has taken advantage of the scale provided by the combined authority, its three LEP geography and existing close partnership work between the LEPs and private and public sectors.

The strategy is ambitious, but themes, action plans and programmes outlined in this SEP have been developed as a result of evidence based understanding of the strengths of - and challenges for - the area. This understanding underpins the vision, acts as a framework for the strategy and ensures outcomes are deliverable and improves the quality of life of people in the West Midlands.

Strengths and opportunities

The West Midlands is home to some of the most innovative businesses in the UK, with excellent infrastructure already in place to support innovation and research and development, drawing on the skills and resources of world class universities, science parks and research institutes. There is a massive opportunity to extend the use of this infrastructure to more businesses, building on success already achieved in delivering manufacturing and engineering excellence.

The Midlands Engine Science and Innovation Audit will help the WMCA identify specific challenges and opportunities at the WMCA and individual LEP level, as well as the wider Midlands Engine level. This is now underway and the results will enable the WMCA to prioritise investments.

Generally, the WMCA delivers the platform to ensure the area has the scale and capacity to respond to opportunities and to go further and faster in enabling and delivering economic growth.

Active involvement in the Midlands Engine for Growth will allow the wider region to promote itself to investors and trade partners. The key themes on which Midlands Engine stakeholders have agreed to collaborate formally align very closely to the priorities set out in this SEP. The Midlands Engine key themes are:

- promotion, focusing on those sectors with the best potential for inward investment
- Midlands Connect, a long term transport investment strategy for the wider Midlands
- innovation, including the recently announced Science and Innovation Audit
- skills, ensuring that skills provision is tailored to employer demand.

Birmingham city centre. A key economic asset – and the leading centre for financial services outside London, with 21,000 companies employing around 220,000 people. Birmingham city centre is home to internationally respected cultural institutions such as the City of Birmingham Symphony Orchestra and Birmingham Royal Ballet. The city's visitor economy is worth £6billion a year, the city has five universities and is rated as the best city outside London in the Mercer quality of life index.

The arrival of HS2 in 2026 and one of the area's two new stations – Curzon Street in Birmingham city centre – will massively reinforce Birmingham's pivotal role in the country. HS2's national construction headquarters will be based in Birmingham, which will also host the National College for High Speed Rail. Once HS2 is operational, Canary Wharf will be less than an hour away from Birmingham International.

UK Central, Solihull. Equally significant, the interchange station and Hub at UK Central in Solihull will provide an international gateway with seamless integration between HS2, Birmingham Airport, the NEC and rail and metro services within a carefully designed and environmentally responsive development.

The area's two other cities – **Coventry** and **Wolverhampton** – also play an important role in the plan.

Coventry is a walkable city centre with a rich history and widespread local support for its bid to become UK City of Culture in 2021. Its ambition is matched by the WMCA's endorsement of the bid as not only a statement of intent but a reflection of the strategic importance of the cultural sector to the region's economy – as well as its liveability. Coventry is a top 50 global student city – one of only four across the country.

Wolverhampton city centre has a growing cluster of educational institutions and a distinct city centre cultural offer. The contribution of direct motorway access has been important to the success of the i54 enterprise zone and the existence of clusters of globally competitive business across the area – from Carillion to Moog and JLR to Cadbury - for which first class connectivity is key.

UK Central growth corridor and connectivity. HS2 will further boost the West Midlands' already strong connectivity advantages; the area is already less than an hour from London by train. The UK Central growth corridor from Birmingham, through Solihull to Coventry is supporting successful growth and the increasing role of Birmingham Airport as an international gateway.

Global concentration. The area has a globally significant concentration of leading advanced manufacturing and engineering businesses, with a particularly high concentration in the Black Country. Many of these businesses are firmly rooted in international supply chains, manufacturing essential components such as aerospace actuation and transmission systems.

Innovation. The area's universities, including broad-based, research and specialist institutions, and six science and research parks house many innovative start-ups and growing businesses. Birmingham University leads the UK Hub for Quantum Technology for Sensors and Metrology and Coventry University's Institute of Advanced Manufacturing and Engineering is the UK's first "faculty on the factory floor".

Aston, Birmingham and Warwick are three of the six partners in the Energy Research Accelerator recently announced by HM Treasury, funded as part of the Midlands Engine for Growth initiative and STEAMHouse at Birmingham City University has recently been awarded HM Treasury funding to establish a new creative and digital cluster.

The European Bioenergy Research Institute is based at Aston and the Digital Heritage Hub at the University of Birmingham works with museums, galleries and many small businesses. The Dairy Crest Food Innovation Centre is co-located with Harper Adams University.

Aston University's Institute of Photonic Technologies (AIPT) is an internationally recognised research centre in the field of fibre-optics, high-speed optical communications, nano materials and photonics, nonlinear photonics and smart optical sensing technologies. It engages with a range of West Midlands' businesses, from healthcare to transport and manufacturing.

Research and technology organisations, providing business-to-business and government research and innovation services, include Warwickshire's HORIBA MIRA, delivering advanced engineering, research and product testing.

Innovative sector support organisations include the West Midlands Academic Health Sciences Network, Medilink West Midlands, the Rail Alliance, Midlands Aerospace Alliance, Sustainability West Midlands and Birmingham Smart City Alliance. Collectively West Midlands' organisations are core partners in two European Community knowledge and innovation centres in climate change and health.

Innovation infrastructure. The West Midlands has a first class infrastructure to support innovation and research and development. This draws on the resources of the universities in the area and institutions like the Manufacturing Technology Centre, the Warwick Manufacturing Group, the Institute for Translational Medicine and the High Value Manufacturing Catapult.

University and business partnerships include the Rolls Royce University Technology Centres (High Temperature Research; Birmingham), the National Advanced Propulsion Centre Hub (Warwick), one of four Network Rail strategic university partnerships (Birmingham Centre for Railway Research and Education) and National Automotive Innovation Centre (from 2017), a joint venture between the University's Warwick Manufacturing Group, Jaguar Land Rover and Tata Motors.

University and health partnerships include medical schools at Birmingham and Warwick (and soon Aston), alongside Birmingham's new dental hospital (the first integrated, stand-alone dental hospital and school to be built in the UK for around 40 years); the National Institute for Health Research Biomedical Research Unit in gastrointestinal and liver disease at the University Hospital Birmingham NHS Foundation Trust and the University of Birmingham; the National Institute for Health Research Surgical Reconstruction and Microbiology Research Centre (NIHR SRMRC); the Arthritis Research UK Centre for musculoskeletal ageing research in Birmingham; the Institute of Translational Medicine (ITM), a new world class clinical research facility; and the Aston Brain Centre, an integrated research environment for the study of neurodevelopment in health and disease. Aston has a leading optometry school and hosts an Optegra Eye hospital on site.

The Midlands Engine has been successful in securing one of the first waves of science and innovation audits and the combined authority is establishing a consortium to accelerate the development of intelligent systems, initially in health, mobility and energy. Birmingham Science City, an alliance of public, private and university stakeholders, aims to maintain a thriving innovation ecosystem and acts as a voice for innovation.

This innovation infrastructure has helped Coventry and Warwickshire top a league table of business expenditure on research and development. Both Coventry and Warwickshire and Greater Birmingham and Solihull score well on the volume of research published in their area. The Black Country has one of the largest proportion of firms in the country engaged in product and process innovation. HS2 and its supply chain potential provides an important opportunity to demonstrate the value of investment in research and development and innovation to businesses in the area.

Vibrant business base. Start-up Britain recently reported that 18,337 new businesses were registered in Birmingham in 2014, the highest in any UK city outside London. This includes growing digital, life science and creative and cultural sectors. Aston is one of only three business schools nationally to hold Small Business Charter Gold status, and has experience of working with hundreds of SMEs to support their business growth on high profile programmes such as Goldman Sachs 10,000 Small Businesses. Businesses in Coventry are leaders in intelligent mobility and Leamington Spa has an internationally significant cluster of digital gaming businesses.

Growing economy. The economy of the West Midlands grew faster than the national economy between 2010 and 2013[2]. On many counts, it is calculated to be the most prosperous area outside London and the South East[3]. In 2014 businesses in the area exported £28.6billion worth of goods. This was the West Midlands' sixth consecutive year of export growth – up from £27billion in 2013 – compared with a national fall over the same period from £299billion to £287billion.

[2] Between 2010 and 2013 the annual average growth rate for GVA per head for the WMCA area was 3.2% compared to 2.5% nationally.
[3] Most recently in the Barclays UK Prosperity Map.

Foreign investment. The area is a national leader in attracting foreign direct investment. Coventry and Warwickshire has double the employment share in foreign owned firms than the UK average. In 2014/15 the Greater Birmingham and Solihull LEP had the highest number of foreign direct investment (FDI) successes and the highest number of new jobs arising from FDI of all LEPs.

Cultural diversity. The West Midlands is proud of its diverse communities – a mix of cultures, identities, faiths and languages. This diversity is increasingly reflected in the business base and cultural and retail offer, underpinning internationally important economic links.

Young people. The WMCA has the highest proportion of people aged 24 and under in England – 32.7%, compared to an average of 30.4% across all LEP areas.

Greater Birmingham and Solihull Local Enterprise Partnership has the second highest proportion of under 15 year olds in the country at 20.9% and The Black Country LEP is fourth at 20.6%. Across the WMCA 740,000 people are under 15 (20.3% of the population).

Quality of life. The West Midlands' cultural, environmental and heritage assets are key to its economic strength and potential, complementing the core Birmingham offer. Stratford is a town of international standing (welcoming nearly five million visitors a year, spending £336million), as is the World Heritage Site at Ironbridge, near Telford. The rural environment - the wealth of historic market towns and villages and the countryside around places like Cannock Chase, an area of outstanding natural beauty, all support a high quality of life across the area.

Environmental assets. More than three quarters of the three LEP geography (78%) is rural. Greenspace is an important indicator of the way people can enjoy the towns and cities they live in, with an important measure having green space sites within 300 metres of where people live and the ease of accessibility to the countryside.

Use of land. Outside the three LEP geography, but part of the WMCA, there is a real opportunity through the range of commercial and residential public land in Telford, with a delivery model established through a Land Deal signed with the Homes and Communities Agency (HCA). This will deliver strategic employment sites and housing - and will be reviewed as a potential basis for further development of the model across the combined authority.

Skills base. Both a strength and a challenge. Many West Midlands businesses cite the skilled workforce as a key factor in their success, particularly in high value manufacturing, and increasingly in other sectors such as digital and creative. Major businesses, most notably JLR, are actively contributing to that skills base and LEP initiatives such as the Black Country Skills Factory are brokering bespoke training provision to enable employers to increase the skills of their workforce.

Challenges

Low productivity. While this is a national issue, productivity is a particular challenge for the West Midlands. Productivity – measured by whole economy output per hour worked – started to improve in 2013, but is still 16% below the level implied by a simple continuation of the pre-crisis trend. Productivity levels in the West Midlands are below the national average; taking the UK figure for GVA worked per hour as 100, the average for the West Midlands area is 89.7, for Greater Birmingham and Solihull it is 91.4, for Coventry and Warwickshire it is 91 and for the Black Country 87.

Any effort to boost productivity across the West Midlands must include public services and the SEP reflects this need in its strategic priorities and the recognition that public service reform is key.

The government's Public Sector Efficiency Group points out that it is important to distinguish between technical and allocative efficiency. The former is about doing what is done now, but better. Allocative efficiency means finding wholly different ways of achieving the right outcomes, which is the focus of the combined authority's work on public service reform.

Net deficit. The West Midlands must become a net contributor to the UK exchequer. The scale of the challenge is clear from analysis of the income and expenditure for the area, showing all three LEPS are cost centres with a net deficit estimated at approximately £3.9bn (tax income is estimated to be £30.7bn and public expenditure £34.6bn). Focusing on the metropolitan councils alone the deficit rises to £4.3bn (income is estimated to be £19.8bn and expenditure £24.1bn), with Solihull currently being the only net contributor to the area.

Innovation. Despite the strong and extensive research and development and innovation infrastructure across the area, work needs to focus on those West Midlands' businesses who are not taking advantage of this strength. This situation has been compounded by the erosion of national programmes, such as the Manufacturing Advisory Service (MAS), which enabled businesses to access innovation support. Only 56% of companies in the area are innovation active (BIS 2015 Innovation Survey). Although this is above the national figure (53%), and the West Midlands has shown one of the highest growth levels in the last five years (44% innovation active in 2010 survey), there are still a high proportion of innovation inactive businesses and the WMCA is determined to ensure all businesses are fully exploiting the innovation support available.

Nationally, of the innovating firms, less than 25% are cooperating with universities and only about 16% with government/public research institutes. The richness of university and public research assets allows the West Midlands to take a lead in driving business innovation through partnership with research and innovation centres.

A relentless focus on innovation is key to achieving productivity and public service reform objectives. This calls for increasing the number of businesses that invest in research and development and innovation, applying the lessons from successes in advanced manufacturing and engineering and addressing the skills challenge, particularly at a managerial and leadership level.

Skills. Many businesses face skills gaps compounded by an ageing workforce. Across the area there is a higher than average proportion of people with no skills and a lower than average proportion with degree level skills. There are spatial concentrations of low skilled communities with high levels of worklessness. If the skills profile of the area matched the England average annual GVA in the area would increase by around £22bn.

Foreign supply chains. Too many major West Midlands businesses are reliant on foreign located supply chains, often because local businesses cannot meet their quality standards. The challenge for the area is to re-shore a significant proportion of the supply chain, seeking to secure a significant share of, for example, the £6bn additional supply chain opportunities identified by the Automotive Council.

Starting and growing business. In parts of the area, most notably the Black Country, there is an urgent need to improve the level of business births and survival and there is a particular issue in enabling the continued growth of medium-sized businesses.

Sites for employment use. The area's good track record of securing inward investment is in danger of being constrained by an impending shortage of large strategic sites with significant costs in land remediation and assembly needed in order to bring forward a pipeline of sites for employment use. The outcomes of the Land Commission are key to this.

Building homes. The economic vision assumes a higher level of housebuilding than is currently provided for in development plans, or is being delivered across the area's two strategic housing market areas. Planning authorities face a major challenge in meeting current levels of housing need individually and collectively, with many sites difficult to develop because of their size, condition and the current shape and business model of the house building sector.

Connectivity and congestion. The area's unique connectivity advantage is at risk as a result of increasing congestion, particularly on the motorway and strategic network. Poor broadband access in Warwickshire, rural Solihull and some city centre and business areas is a particularly serious challenge given the potential of mobile, digital and wireless technologies to contribute to improved productivity, in addition to being a key growth sector in itself.

THE STRATEGY

The strategy to deliver the WMCA's vision is based on a clear understanding of the area today – its strengths, weaknesses and opportunities (outlined in section three) – and drives the priority actions needed for change.

At the heart of the strategy is the drive to accelerate an improvement in productivity and enable the West Midlands to become a net contributor to the UK exchequer - while improving the quality of life for everyone who lives and works in the area.

The strategy will deliver this through:

- creating the conditions for growth, including connectivity and skills
- exploiting the area's world class innovation infrastructure
- improving business competitiveness
- public service reform – transforming lives in the West Midlands
- improving the life chances for everyone, especially those facing multiple disadvantages.

Central to the strategy is the principle of balance, ensuring that the whole of the area (geography and people) benefits from growth. This approach:

- builds on the strengths of areas with relatively high levels of productivity such as Solihull, Coventry and Warwickshire and addresses the significant productivity challenges in other parts of the region, most notably the Black Country
- focuses on skills, employability and wellbeing to enable as many people as possible to benefit from new and higher value jobs created
- ensures that the whole area benefits from growth through improved connectivity of people to jobs and businesses to markets.

Economy plus

The vision and strategy is informed by an adopted economic forecasting model. The model has been used to review the three individual LEP strategic economic plans and predicts that by 2030 they could deliver an additional 455,000 jobs.

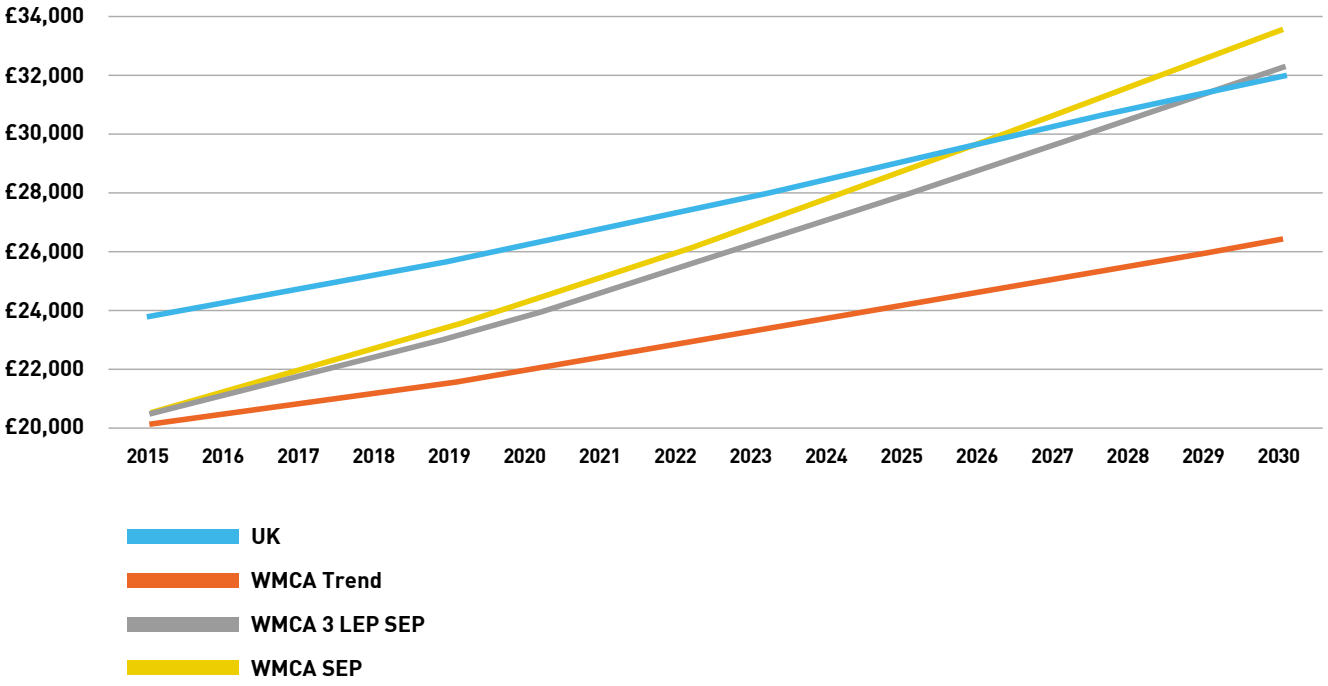
While this could be seen as an ambitious enough programme, it would not close the output gap with the national average until 2029. However, the West Midlands' economic strengths and potential mean, the WMCA believes, it is capable of making an even bigger contribution to the national economy. This plan details how the WMCA will, through its SEP, enable further and faster growth on the basis of its economy plus scenario.

This will mean the closing of the output gap three years earlier and the delivery of more than half a million jobs by 2030 (49,000 more than the individual SEPs) - generating an additional £7bn GVA.

Three growth scenarios have been developed and tested:

TREND SCENARIO	3 LEP SEP SCENARIO	WMCA SEP: ECONOMY PLUS SCENARIO
• An additional 168,000 jobs	• An additional 455,000 jobs	• Additional jobs growth of 49,000 over and above the individual SEPs scenario resulting in total jobs growth of 504,000
• GVA increases from £19,423 to £26,422, per head but the output gap with national average widens	• GVA per head increases to £32,256 - 101% of the national average and therefore, surpassing the national average in 2029	• The increased jobs and productivity results in an eradication of the output gap and GVA per head surpassing the national average by 2026
• Population increases by 369,000 to 4.37m	• Population increases by 510,000 people.	• The population increases by an additional 32,000 people

GVA PER HEAD – FUTURE GROWTH SCENARIOS



The SEP enables further and faster growth than has been predicted in the three individual LEP strategic economic plans through the economy plus model, which builds on the West Midlands' strengths and potential to make a bigger contribution to the national economy;

Strategic benefits of a three LEP geography

The economy plus model shows that the scale provided by the combined authority and its three LEP geography will enable further, faster progress in developing innovation, increasing productivity and securing public service reform. In particular the area will benefit from close collaboration between the LEPs and private and public sectors, strengthening the area's ability to:

- pilot new ways of working and then scale up what works across the area
- achieve efficiencies and capitalise on assets across the wider geography in delivering more innovation and public service reform
- ensure that resources are pooled to maximise the impact of interventions.

Capitalising on the scale and diversity of the West Midlands' geography will be critically important in delivering the vision. This will include:

- using the momentum of HS2 to improve connectivity within the area and exploiting the strengths of the UK Central growth corridor through Birmingham, Solihull and Coventry - and between the West Midlands and national and international markets
- being clear about, and developing policies to maximise, the potential of the area's three cities with their different strengths and potential, including Birmingham's nationally significant business services, retail and cultural offer, Coventry's accessibility and Wolverhampton's potential to become a 21st century university city
- supporting the powerful economic links between the economic heartland of the West Midlands and the potential for economic and housing growth in the places and communities across the three LEP geography
- balancing the scale and place-shaping potential of the regeneration opportunities in, for example, the Black Country and Nuneaton and Bedworth with the availability of more easily developed sites in other parts of the area.

Connectivity

An efficient and resilient transport system will underpin future economic success. Significant investment in transport will help widen labour markets, unlock high value growth clusters and support regeneration and place making initiatives. As well as giving people access to skills, education and training a balanced and effective transport system will enable agglomeration and reduce business overheads in accessing the supply chain and markets.

The strategy for how this will be achieved is set out in "Movement for Growth", the West Midlands Strategic Transport Plan. Alongside this and the Midlands Engine initiative is the "Midlands Connect" programme, which will provide wider West and East Midlands inter-regional connectivity improvements.

Together these strategies will see significant investment and new infrastructure construction, which will provide long-term benefit and directly support many new jobs and business opportunities. A significant work stream will unpack how West Midlands businesses can benefit from this opportunity and how sufficient operational resilience can be maintained during construction to enable continued economic growth.

Priority actions, channels and principles

The WMCA has developed eight priority actions to be delivered through a mix of programmes engaging different channels – **people, business** and **place.** These draw on the powers and resources devolved to the combined authority through the first devolution agreement. Each priority action details activity in each of these channels.

At the same time three principles of productivity, public service reform and innovation underpin the priority action areas.

The route map on page 10 illustrates the relationship between the key sectors (transformational and enabling) driving growth in the WMCA and the current eight priority actions.

Productivity

The WMCA's approach mirrors that of the Government's productivity plan, adopting a comprehensive approach to the productivity challenge, including skills and employability, increased house building and improved connectivity, and high quality science and innovation supported by mobile and digital and wireless technologies.

Public service reform

The combined authority's public service reform programme currently focuses on four areas: troubled individuals, criminal justice, employment and skills and mental health. This programme will:

- carry out an initial programme of policy co-design with the relevant government departments
- start a series of early adoption/pilots across the region in 2016
- develop key enablers for reform, including better use of evidence, intelligence and analysis and understanding the skills needed for a 21st Century public workforce

The devolution deal with government supports this through commitments to:

- participate in the co-design of the programme and support implementation
- enable the development of data devolution, including an integrated data system and access to other sources of data.

Innovation

Action to support and enable innovation features in many of the SEP's strategic priorities, with a key priority to increase the number of businesses adopting innovation and investing in R&D, building on existing successful programmes and identifying and nurturing companies pursuing emerging technologies.

Support from Government has enabled the Midlands Engine to submit a strong proposal for a science and innovation audit to build on relationships with businesses and universities to map strengths and maximise the economic impact of, for example, the regional and national research base.

The WMCA will support innovation which enables business growth and contributes to public sector reform, such as the development of a more flexible and locally focused version of Innovate UK's Small Business Research Initiative.

The commissions

The WMCA has established commissions to support work in three key strategic areas highlighted in the vision:

The **Productivity and Skills Commission** will adopt an appreciative inquiry approach, building its recommendations on actions that work in the West Midlands context and capturing lessons from elsewhere, including the findings of similar commissions in New Zealand, Australia, Singapore and Scotland. It will:

- make recommendations to inform policies and decision-making
- develop collaborative research and analysis to underpin and shape advice on productivity issues
- publish research and information that improves public understanding of productivity.

Its advice will have implications for most of the SEP's strategic priorities, most notably:

- sector-specific priorities
- exploring productivity in the housebuilding industry to enable the acceleration of the pace of construction
- skills for the future and employment for all
- health and wellbeing.

The **Mental Health Commission**, chaired by Sir Norman Lamb MP, is considering the specific contribution that public service reform and devolved responsibility could make to the mental health and wellbeing of the area. Poor mental health is a significant driver of demand for public services and is having a substantial negative impact on the economy.

The commission will explore:

- how services could be transformed within current resources
- how resources can be shifted to enabling people to keep mentally well
- how more people with mental illness can be helped into employment
- the potential for devolved powers for mental health and wellbeing.

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- how resources can be shifted to enabling people to keep mentally well
- how more people with mental illness can be helped into employment
- the potential for devolved powers for mental health and wellbeing.

The principal objectives of the **Land Commission** chaired by Paul Marcuse are to:

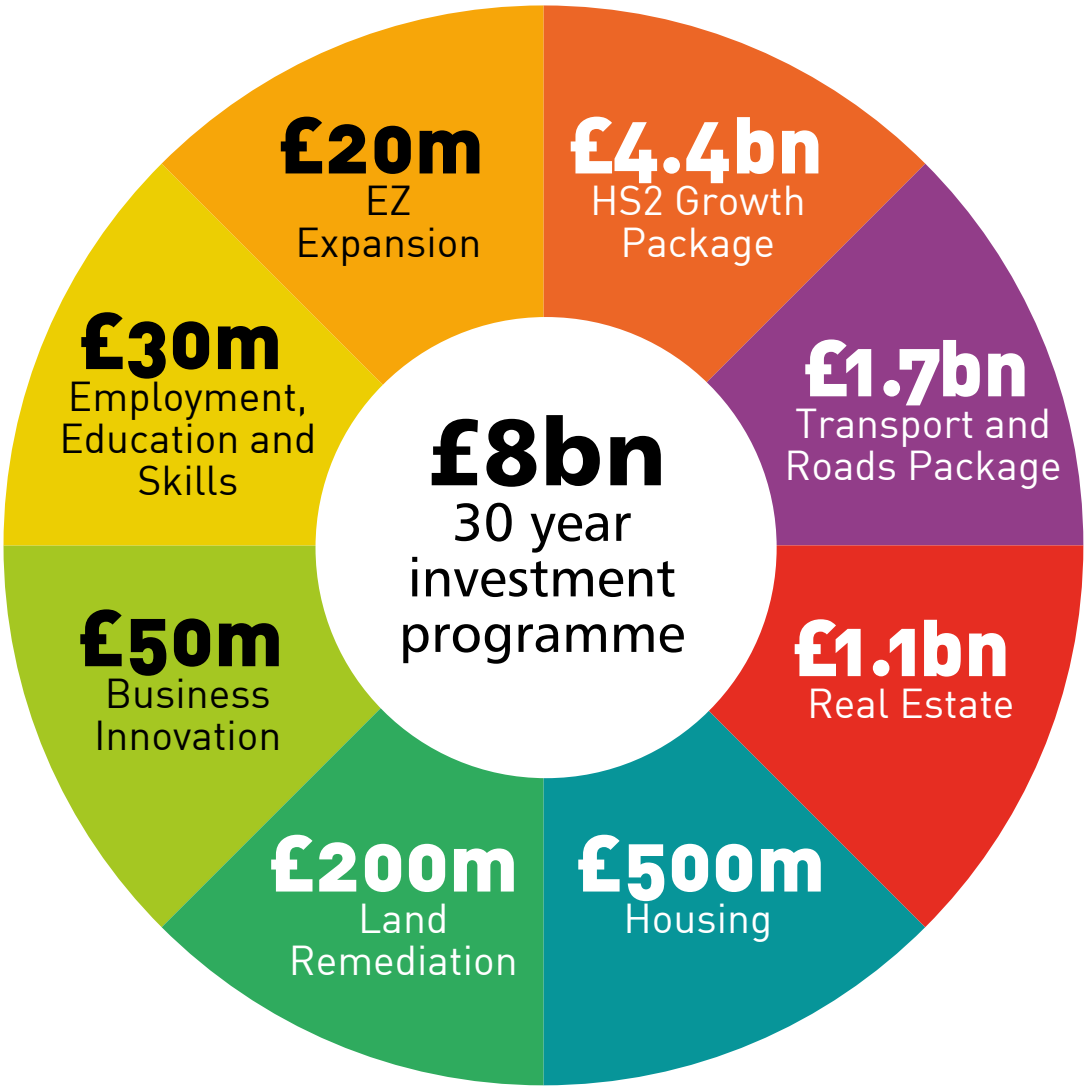
- ensure that there is sufficient land and investment identified across the West Midlands to enable the implementation of this SEP
- identify the policy implications and choices inherent in delivering that land and investment.

Evidence based policy

The WMCA is committed to ensuring that future strategic decisions are taken on the basis of the empirical evidence supporting both the problem and the solution. The combined authority's research strategy explains how this will be operationalised, including consistently explaining clearly what is known about issues (their causes, effects and scale), the reasons for chosen interventions (and the strength of evidence behind this), how interventions will be rolled out (and what evidence these decisions were based on), value for money and how the combined authority will evaluate the effectiveness of the intervention.

The WMCA remains committed to its aspiration to create a global insititute for insight into economic futures, public service reform and innovation.

WMCA PROGRAMME



Public sector reform programme: -19+ adult skills budget

Area of Focus	Total Spend £	Number of Projects
Employment, Education and Skills	50	15
Land Remediation	18	5
Real Estate	14	18
Housing	21	4
Transport and Road Packages	261	24
HS2 Growth Package	86	7
Regional Growth Fund	6	1
Programme Management	7	1
Business Support	6	2
Total	**469**	**62**

Devo 2/ Budget 2016 Announcements: Further projects will be expected with a second devolution deal

ACTIONS AND PRIORITIES

The eight priority actions, focused through three core channels and supported by three cross-cutting principles, have been developed into separate action plans.

These action plans complement the work delivered by the three LEPs through their individual SEPs. They focus on action of strategic importance across the whole area and the wider LEP geography or on issues of sufficient scale to warrant attention at a combined authority level.

Four of the priority actions relate to particular sectors:

- **new manufacturing economy**: exploiting the biggest concentrations of high value manufacturing businesses in Europe and their supply chains.
- **creative and digital**: further developing the area's vibrant and flourishing sector.
- **environmental technologies**: securing transformational environmental improvements.
- **medical and life sciences**: enabling the further growth of the medical and life sciences sector and supporting other businesses to diversify and become part of sector's supply chain.

The remaining four priority actions address issues where joint work at a combined authority level adds real value:

- **HS2 growth**: maximising the benefits of the largest infrastructure project in Europe
- **skills for growth and employment for all**: ensuring the skills needs of businesses are met and everybody can benefit from economic growth
- **housing**: accelerating the delivery of current housing plans to increase the level of house building to support increased level of growth
- **exploiting the economic geography**: making the most of the scale and diversity of the West Midlands' geography to enable economic growth and community wellbeing throughout the urban core and rural areas.

To ensure effective, focused delivery three core channels will be used:

- **people**, including a focus on skills, employability, communities and public services
- **business**, including competitiveness
- **place**, including sites, housing and connectivity.

Three cross cutting principles feature in all eight action plans. The WMCA recognises that focused improvements across these three themes are key to the successful delivery of the eight action plans which will achieve the vision:

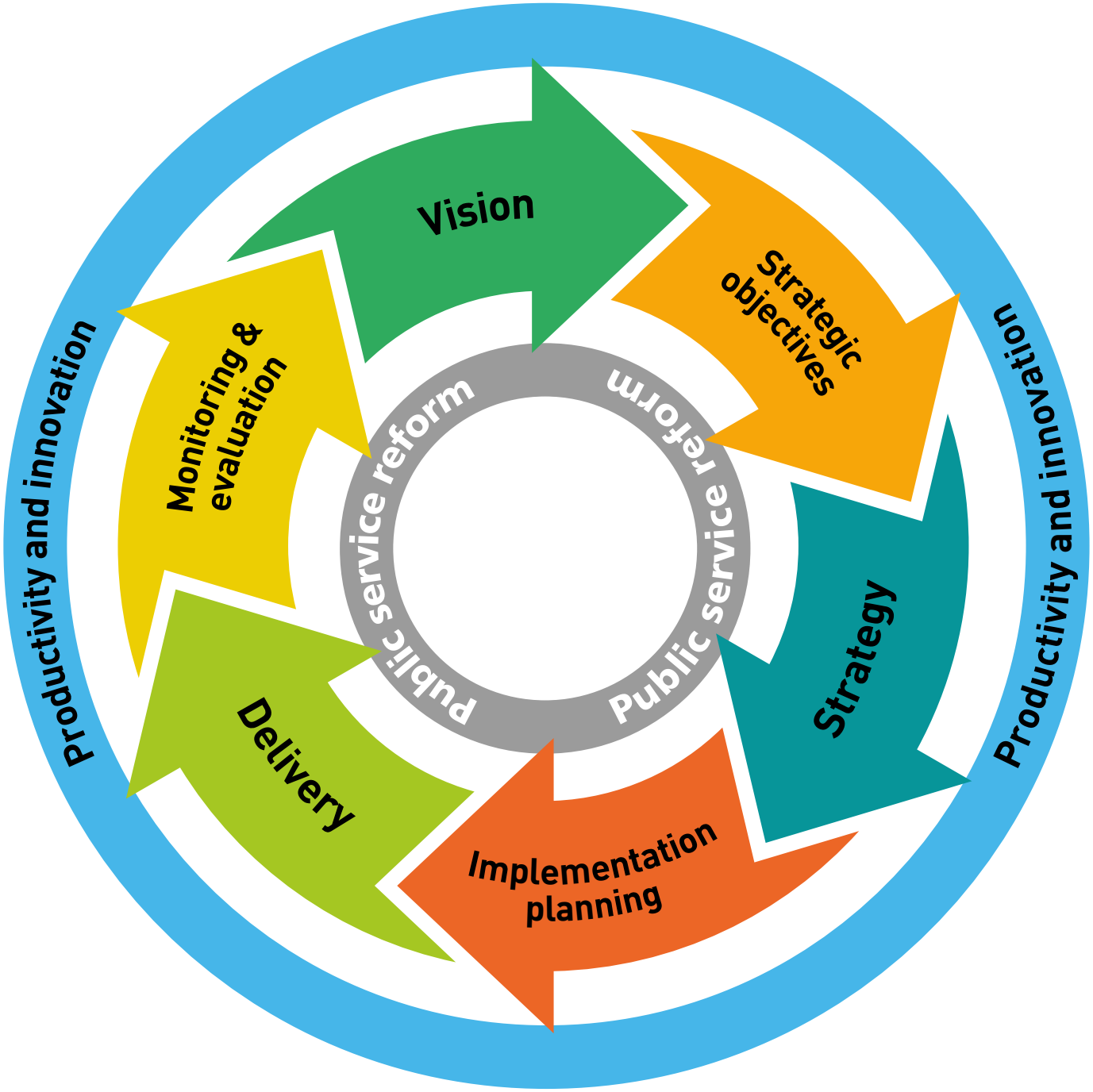
- **productivity** - accelerating an improvement in productivity to enable the West Midlands to become an even greater contributor to the UK economy.
- **public service reform and the transformation of lives in the West Midlands** - to improve life chances for all, especially those facing multiple disadvantages and to eliminate the differences between taxes raised and public expenditure in the area.
- **innovation** – building on the area's strong innovation infrastructure - crucial to the ability to increase productivity and reform public services.

A first phase of activity is already in place, underpinned by the combined authority's first devolution deal.

The full priority actions are in Section 8 and a summary of the priority actions follows: this is what the WMCA should, and will, be judged against – making its mark and making a difference to the lives of its people.

	New manufacturing economy	Creative and digital	Environmental technologies	Medical and life sciences	HS2 growth	Employment and skills	Housing	Economic geography
Uniquely West Midlands...	**UK No.1 for Manufacturing Technology Jobs (Black Country)**	**Highest levels of new business registrations outside London. (Birmingham)**	**Leaders in intelligent mobility (Coventry)**	**World leader in translational medicine**	**38 minute journey time to London.** **Birmingham Airport –transfer times to London second only to Heathrow**	**2.5m residents of working age** **500,000 under 25yrs** **12 Universities, 6 science parks, 14 FE colleges**	**Home to over 4 million people with population forecast to grow** **'Garden towns, cities and villages.**	**3 cities** **90% of the UK population within a four hour drive** **Shakespeare capital**
Actions	Strengthen competitive advantage of manufacturing business in national and global markets	Continued growth of strong sector and enable its contribution to other sectors	Growth for productivity and improve environment, health, wellbeing	Further growth of medical and life sciences sector,	Maximise benefits of HS2 to deliver 104k jobs, additional £14bn GVA	Meet business need, ensure everyone can benefit from growth	Remove barriers to development to create higher level of housing	Contribution of three cities to economy, place offer and as gateways
Place	Making major strategic sites available, taking action on land assembly and remediation, tackling congestion, full broadband coverage	Open data approach to enable wide product development, investment in broadband	Work with business to improve energy efficiency in homes, district heating schemes, re-use materials	Promote Birmingham and West Mids as European centre for development of drugs, diagnostics and devices	Two stations delivering two development zones, fully integrated network, invest in connectivity improvements	Skills investment zones for targeted activity with unemployed people	Accelerate house building, develop good planning practice, new approach to house building	Exploit three city centres and their offers, transport solutions to maximise UK Central
People	Employer led sector employment strategy	Employer led sector employment strategy	Employer led sector employment strategy	Employer led sector employment strategy	Employer led sector employment strategy	Talent Investment Zones focusing on the needs of specific groups of people	Employer led sector employment strategy	Geographic Skills Investment zones for targeted activity
Business	Enable more businesses to take advantage of R&D and innovation infrastructure, increase digitisation for SMEs	Intelligent business support, exploiting skills and innovation dimension	Innovate in energy and low carbon technologies, address energy security and policy issues	Develop supply chain and support businesses to exploit/ Innovate in healthcare, life sciences	Hub for rail supply chain, encourage location of HQs, encourage SMEs to invest in R&D	Work with business on sector skills strategies in seven transformational and three enabling sectors	Work with construction sector to ensure capacity to deliver	Exploit business services, retail, leisure and cultural offer of three city centres
Devo deal 2016	Responsibility for business growth, support, inward investment to WMCA, land remediation fund	Devolved approach to business support, access to finance	Devolved approach to business support, access to finance	Commitment to discussing outcome of Mental Health Commission	Investment of £4bn	Devolving 19+ adult skills budget, co-design employment support	Joint work with HCA, WMCA land commission, land remediation	Devolved business support, inward investment co-design,

WMCA INVESTMENT AND INTERVENTION PROGRAMME PROCESS



DELIVERING IMPACT

A clear mechanism to enable the objective assessment of delivery of the strategy is crucial for the success of the WMCA.

The WMCA is committed to making strategic decisions based on empirical evidence supporting both the problem and the solution. Its research strategy details how this will be delivered.

Members of the WMCA Board need to understand the impact of proposed interventions and their ability to deliver the vision in order to prioritise investment decisions. The WMCA assurance framework sets out how decisions will be made based on a series of business cases and robust cost/benefit analysis. A complementary filter will guide the prioritisation of public service reform proposals.

The WMCA has made a significant joint investment through the commissioning of a new, bespoke economic modelling framework; the Dynamic Economic Impact Model (DEIM) which provides a robust mechanism to measure the economic impact of investments in a spatial context.

This sort of modelling is a relatively recent phenomenon (the first example being Greater Manchester in 2009) and the techniques used have been developing rapidly in response to new academic evidence on the effects of infrastructure investment on the economy and new funding streams linked to the delivery of net national growth such as payment by results.

The WMCA needed it to be able to prioritise investment against its own economic and balance metrics, and to understand the likely impact of that investment on net national growth.

The DEIM model represents a significant departure from previous modelling techniques which could only consider projects in isolation. This model has the ability to consider investments of different types and to forecast synergies or conflicts in their consequences.

The model builds on the latest methodological advancements in city region economic impact modelling and can appraise all types of hard infrastructure. These typically include a combination of the transport improvements by mode (road, rail, active), land use changes (e.g. site remediation, drainage projects, public realm) and other types of infrastructure changes including tourism schemes, district heating and so on.

Additionally, the DEIM model will extend the scope of previous economic models to soft infrastructure such as skills programmes, including NVQ and apprenticeship schemes and business support, such as access to finance and trade facilitation.

NEW WAYS OF WORKING

The chairs and officers of the Black Country, Greater Birmingham and Solihull and Coventry and Warwickshire LEPs already meet as part of a well-established West Midlands LEP chairs forum.

This shared agenda across LEPs has created a strong and confident foundation for WMCA development and has helped support close joint working between local authority and business leaders.

It has already translated into specific actions and joint work on areas such as supply chain development and financing, transport, marketing and promotion and financial economic instruments (aligning EU funds). This experience, knowledge and shared agenda provides a solid foundation for working across the combined authority.

Working collaboratively at pace has become a trademark of the combined authority, where the talent and capability in a number of organisations (including local authorities, the LEPs, the Integrated Transport Authority and universities) has been used flexibly and intelligently to ensure focus and a unique level of collaboration.

The WMCA SEP board, which has been responsible for producing this SEP, is just one example of successful close joint working across private and public sectors. To support and accelerate delivery of the SEP's outcomes a growth company is being created to work with the private sector across the area.

Performance management framework

The WMCA's vision has a number of smart objectives with clear targets and its performance management framework means success can be monitored and measured robustly.

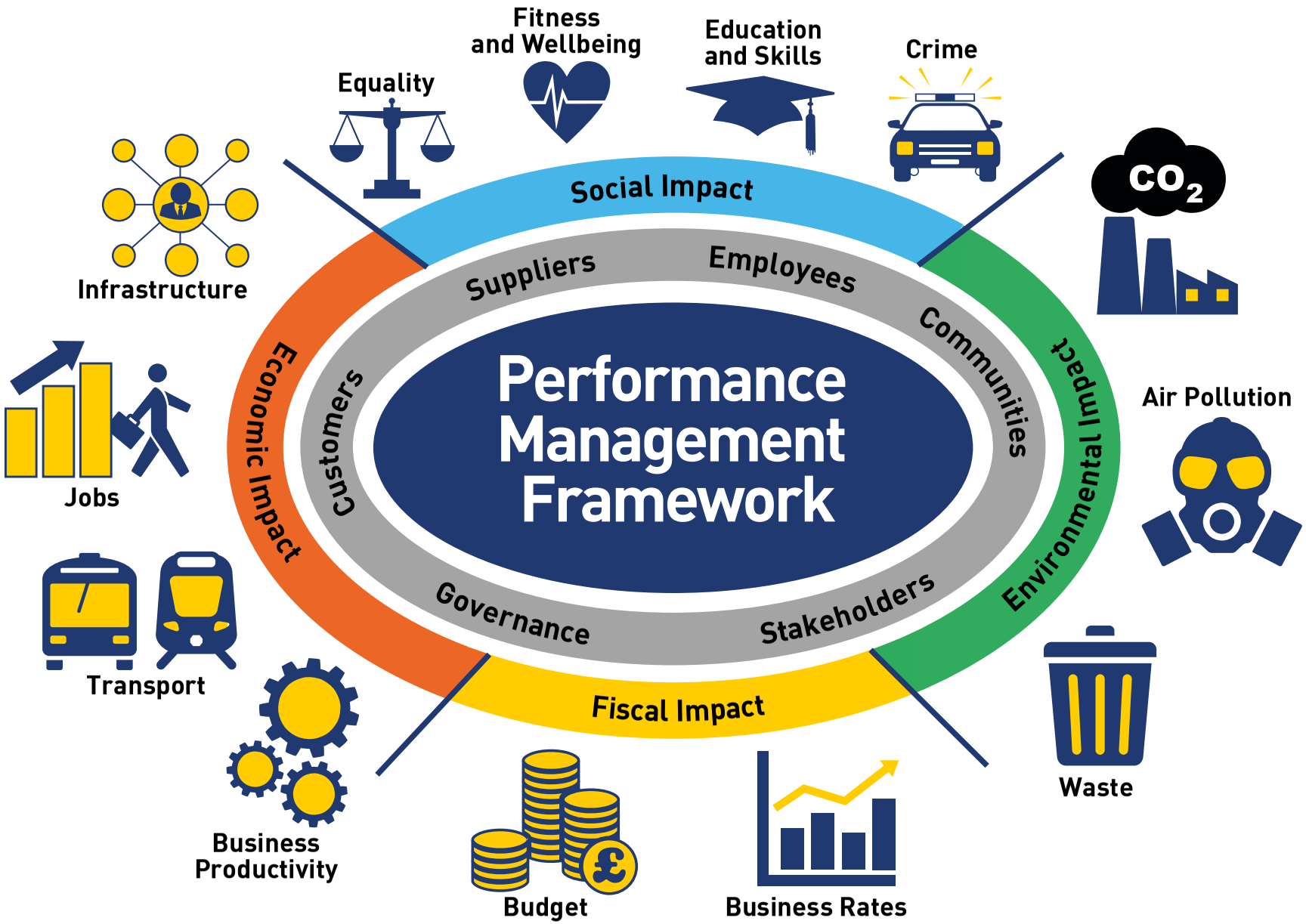
A selection of indicators has been selected to measure achievement, based on a vision led approach and underpinned by extensive modelling work carred out using the Oxford economic model (Appendix X). These indicators cover a range of areas including economic, social, fiscal and environmental impacts. Metrics include areas such as productivity, employment and skills, infrastructure, competitiveness, sustainability and health.

These indicators will be the basis upon which the programme of interventions is appraised and prioritised as the SEP is delivered. This carefully targeted set of interventions will ensure successful delivery of the greatest economic benefits to the area and allow balance to be achieved in terms of opportunities created across the WMCA.

Time and resources have been invested into the development of the leadership and management of the WMCA, ensuring this unique partnership of scale delivers sustainable change for the better across the West Midlands.

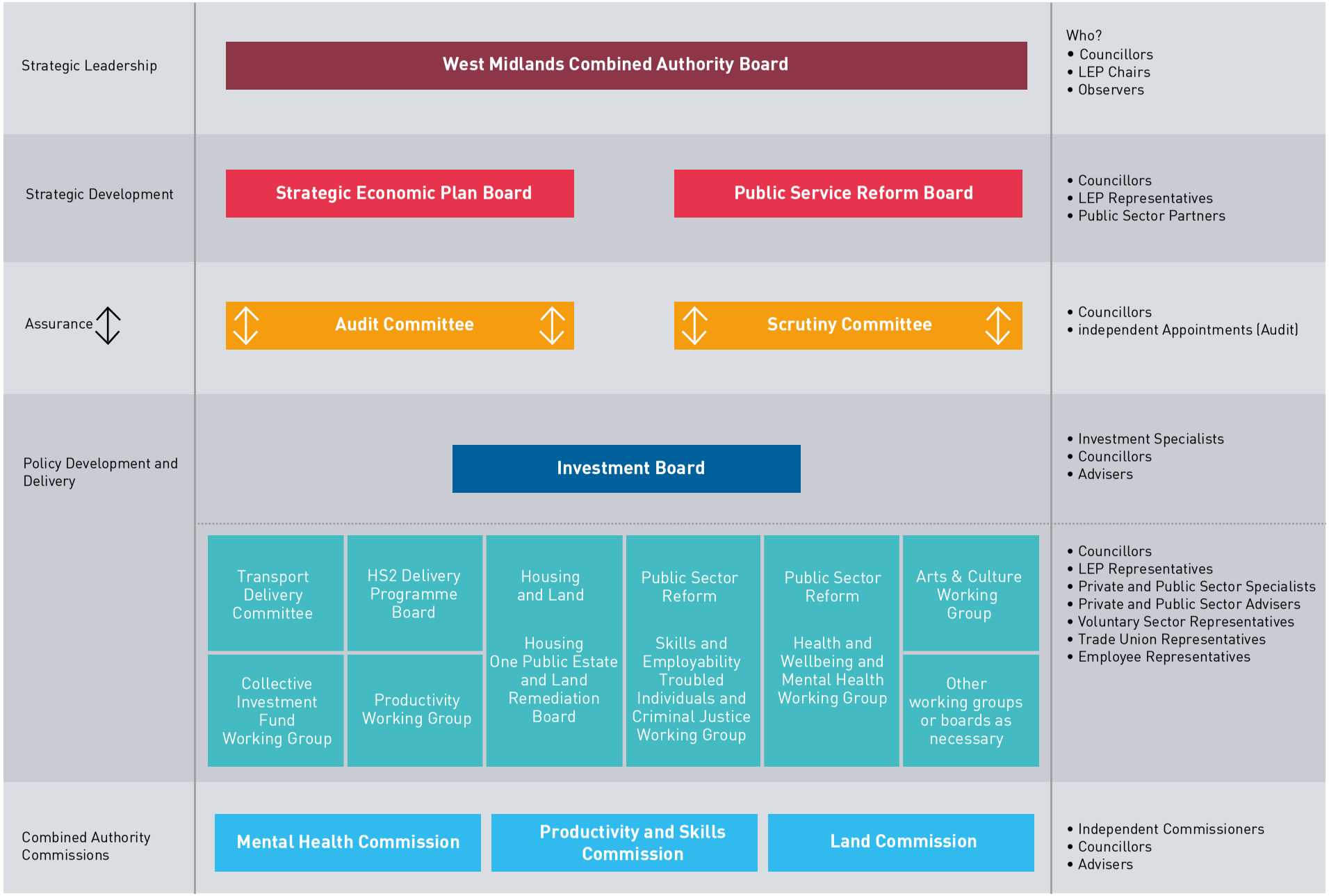
The following diagram illustrates the spread of measures across the four areas of economic, social, environmental and fiscal impact.

PERFORMANCE MANAGEMENT FRAMEWORK



Graphic and metrics inspired by PriceWaterhouse Coopers Total Impact Measurement and Management (TIMM) methodology. Please see http://www.pwc.co.uk/who-we-are/corporate-sustainability/total-impact-measurement-management.html for further info

GOVERNANCE FRAMEWORK



NEW MANUFACTURING ECONOMY: THE FACTS

Action to exploit the position of the West Midlands as home to one of the biggest concentrations of high value manufacturing in Europe, with global companies being supplied by clusters of local businesses.

The objectives are to:

- retain and support the growth of the OEMs in the area;
- enable innovation an its commercialisation
- strengthen supply chain links and re-shore activity to the region
- secure further inward investment.

The primary objective is to strengthen the competitive advantage of manufacturing businesses in the West Midlands in national and global markets.

Impact by 2021 from baseline:

+ £3bn GVA
+ 18k jobs

Impact by 2030 from baseline:

+ £8bn GVA
+ 20K JOBS
+ 16,000 NVQ4+
- 26,000 no quals.

Ambition
Doubling productivity of the advanced manufacturing sector +8bn GVA

Spatial dimension

- important economically in all three LEP areas
- there is an urgent need to identify additional major strategic sites as an asset for the CA area as a whole
- transport and digital connectivity is crucial
- significant economies of scale from supporting innovation at a CA level.

International Trade Context

Over 60% of all West Midlands exports are from the Manufacturing sector - 19% of UK Machinery / Transport goods exported originate from the West Midlands.

PLACE

Sites and premises

The WMCA will ensure the availability of a small number of major strategic sites, maintaining a pipeline of smaller sites across the area, taking the action on land assembly and/or remediation that is necessary to bring them forward for development. This will be linked with action to:

- maintain connectivity advantages by tackling congestion
- secure full broadband coverage in employment areas.

Energy

Action to address the competitive disadvantage that manufacturing businesses face as a result of energy costs. The scale of the combined authority means it can seek ELENA funding for a large scale energy project to generate and manage energy demand to benefit businesses and residents.

PEOPLE

Skills

Action to raise the skills of the existing workforce and encourage and enable young people to pursue careers in high value manufacturing with action to:

- work with employers such as JLR, Westfield and the Mann Group to identify and support prospective HVM apprentices, supporting the automotive industry partnership initiatives
- build on successful employer ownership pilots and initiative such as the Skills Factory to ensure the provision of bespoke training
- use the scale of the combined authority to secure more and more effective business/school engagement in relation to NME
- address the leadership and management skills required to enable more businesses to innovate.

BUSINESS

Innovation

Following the Midland Engine Science and Innovation Audit (which includes a specific focus on HVM), action to enable more businesses to take advantage of R&D and innovation infrastructure, creating a cadre of "innovation aware" businesses. This will specifically focus on action to enable businesses to translate new ideas in volume manufacture. Action will be taken to increase awareness of Industry 4.0 (the next stage of digitisation of the manufacturing sector) among SMEs to enable them to join local supply chains. The programme will be designed in the light of lessons of the MAS experience in the West Midlands and build on and scale up previous and current programmes including:

- Birmingham Science City
- the Business Innovation Programme
- a WMCA version of Innovate UK's Small Business Research Initiative
- GBSLEP's Disruptive and Emerging Technologies Programme
- the Consortium for Demonstration of Intelligent Systems.

DEVOLUTION DEAL 2016

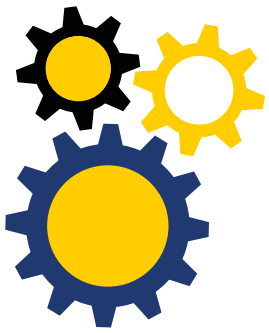
- support the development of a three-LEP integrated business support ecosystem
- devolve responsibility for the Business Growth Service through the Growth Hubs
- devolve responsibility for business support from 2017
- devolution and co-design of inward investment and international trade activities, included a ring-fenced resource and joint export plan with UKTI
- discussions on access to finance
- support the development of a strong proposal for a science and innovation audit (now submitted)
- the establishment of a land remediation fund to bring brownfield sites back into use.

NEW MANUFACTURING ECONOMY: THE FIGURES

UNDERPINNING INNOVATION ASSETS

- National Catapult Centres with a strong presence in WMCA:
  - High Value Manufacturing – Headquarters in Solihull and two of its seven component centres (Warwick Manufacturing Group and Manufacturing Technology Centre) in Coventry and Warwickshire
  - Energy Systems – Based in Birmingham
  - Transport Systems Catapult a partner in Serendip Incubator at Innovation Birmingham
- University/ Business partnerships include:
  - one of four Rolls Royce University Technology Centres (High Temperature Research; Birmingham)
  - National Advanced Propulsion Centre Hub (Warwick)
  - one of four Network Rail Strategic University Partnerships (Birmingham Centre for Railway Research and Education)
  - National Automotive Innovation Centre (from 2017) is a a joint venture between the University's Warwick Manufacturing Group, Jaguar Land Rover and Tata Motors
  - University of Birmingham is a partners in two EPSRC Centres for Innovative Manufacturing – Liquid Metal Engineering and Food
  - Coventry University's Institute of Advanced Manufacturing and Engineering is the UK's first "faculty on the factory floor"
  - The Caparo Innovation Centre at the University of Wolverhampton supports the exploitation of new products and ideas with inventors, start ups and SMEs
  - The Centre for Additive Layer Manufacturing at the University of Wolverhampton a joint venture with aerospace and automotive businesses to remove weight and processes from the assembly or manufacture of product.
- Research and Technology Organisations (RTOs; providing business-to-business and government Research and Innovation services) based in WMCA include:
  - HORIBA MIRA - advanced engineering, research and product testing (Warwickshire)
  - Smithers Rapra - rubber and plastics expertise from product concept to launch (Telford)
- Mondelez (incorporating Cadbury) global R&D centre.

The delivery of this strategic objective will require partner engagement with: BIS, UKTI, universities, Innovate UK, Science Park Association, WMCA Science City Board, Automotive Council, Advanced Manufacturing Supply Chain Initiative, Chambers of Commerce, EEF, FSB, education and training providers.



Double the productivity of the sector by **£8bn GVA**

Baseline-
8bn GVA
184k jobs

By 2021
+£3bn GVA
+18k jobs

By 2030
+£8bn GVA
+20k jobs
+16k NVQ4+
- 26k no qualifications

The WMCA contains the number one LEP for jobs in new manufacturing economy

The establishment of a land remediation fund to bring brownfied sites back into use

Opportunity for **27k** new aircraft made with components from the West Midlands

CREATIVE AND DIGITAL: THE FACTS

Action to build on the strong presence of the digital and creative sector to:

- enable its continued growth
- enable its contribution to innovation in other sectors and public service reform
- exploit transferable skills and techniques to support other sectors and promote the value of careers in engineering and manufacturing.

Action to ensure the best broadband connectivity possible across the combined authority area to ensure that businesses are able to exploit mobile, digtal and wireless technologies.

Impact by 2021 from baseline:

+ £3bn GVA
+ 18k jobs

Impact by 2030 from baseline:

+ £7bn GVA
+ 29k jobs
+ 18,000 NVQ4+
- 3,000 no quals.

Ambition - Tripling productivity of the creative & digital sector +£7bn GVA

Spatial dimension

Clusters of creative and digital businesses are very important in nurturing the growth of this sector. They include:

- Innovation Birmingham Campus
- Leamington Spa
- Wolverhampton City Centre.

There is a pressing need to improve broadband connectivity in key locations, including strategic centres and some industrial areas.

International Trade Context

A key growth sector. New e-commerce advisers introduced as dedicated resource to stimulate growth.

PLACE

Open data

The WMCA will lead by example in making available open data, on for example, public service delivery and will encourage others to do so. This is intended to enable the development of new products to exploit and make sense of the data – for business, public sector and individual clients – and secure business input to public service reform.

Investment in broadband

The combined authority is committed to ensuring the best possible broadband connectivity across the West Midlands and will explore the scope for direct action by the combined authority to secure investment in areas with poor connectivity, building on the experience of WarwickNet.

PEOPLE

The WMCA will:

- enable skills transfer to other sectors, including for example the application of gaming techniques to innovation in medical and life sciences
- increase awareness of the benefits to businesses of mobile, digital and wireless technologies.

BUSINESS

Intelligent business support

The combined authority will develop an intelligence-led approach to business support that spots new business development, catalyses growth, enables shared learning and collaboration and intervenes in relation to issues on which the combined authority, LEPs and councils can make a difference, including:

- access to finance
- enabling the provision of premises that enable collaboration and growth.

Exploiting the skills and innovation dimension

The combined authority will develop a programme that captures and exploits the benefits of the creative and digital sector in order to contribute to the delivery of the vision, including:

- Transferable approaches – for example the contribution of gaming to innovation in manufacturing
- Transferable skills, including the attractions of creative industries as a pathway into manufacturing
- Digital as a driver of public service reform.

The creative, digital and design sector is a priority theme for the Midland Engine Science and innovation Audit.

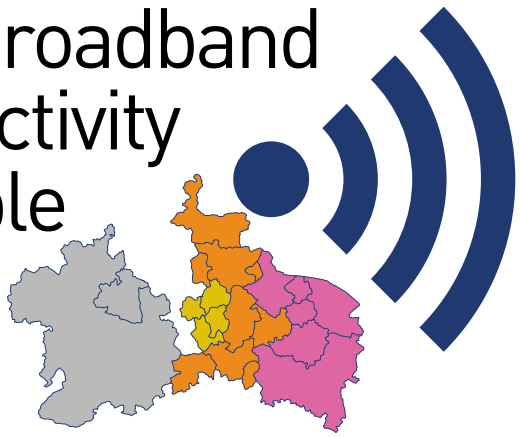
DEVOLUTION DEAL 2016

- University/ Business partnerships include:
  - STEAMHouse at BCU has recently been awarded treasury funding to establish a new creative and digital cluster
  - The Digital Heritage Hub at the University of Birmingham works with museums, galleries and many small businesses
  - Information Systems and Learning Technology Research Centre at the University of Wolverhampton working with Google and Microsoft on a European level
  - The world leading Research Institute at the University of Wolverhampton for Information and Language Processing developing advanced computer technologies for the understanding of human interaction with information technologies and information (data) management.

The delivery of this strategic objective will require partner engagement with cultural institutions, Arts Council England, BIS and DCMS, Innovate UK and the universities.

CREATIVE AND DIGITAL: THE FIGURES

Best broadband connectivity possible



Triple the productivity of the sector

Baseline
4bn GVA **72k jobs**

By 2021
+£3bn GVA
+18k jobs

By 2030
+£7bn GVA
+29k jobs
+18k NVQ4+
- 3k no qualifications

Businesses that use digital technology have **22%** higher revenues

Home to **Shakespeare, JLR, BBC 3** and **Cadbury**

Average cost of transactions

Face to face
£8.62

Telephone
£2.83

Web
15p

ENVIRONMENTAL TECHNOLOGIES: THE FACTS

Action to enable the growth of environmental technology businesses in a way which increases productivity across the area and leads to an improvement environment, health and wellbeing. The combined authority will:

- adopt a policy framework which incentivises the development and use of environmental technologies, sustainable energy use, waste minimisation and sustainable transport
- facilitate collaboration between universities, business and the public sector to enable the development and adoption of innovation in this sector.

This will build on the work of the GBSLEP's Green Commission.

Impact by 2021 from baseline:

+ £1bn GVA
+ 1k jobs

Impact by 2030 from baseline:

+ £2bn GVA
+ 1k jobs
+ 1,000 NVQ4+
- 1,000 no quals.

Ambition - Low carbon economy - 40% less carbon dioxide across the WMCA

Spatial dimension

- The success of this strategic priority will hinge on action which exploits the scale of the combined authority, develops a common framework across the area and provides for local initiatives and projects that reflect local needs and circumstances.

International Trade Context

A growing sector and one which will benefit from sector specialist support funded by WMCA European Social Innovation Funding.

PLACE

Reforming "retrofit"

Action, using the scale of the combined authority, to work with business to develop an approach to improving the energy efficiency of existing housing which is affordable, profitable and less volatile. Combined with support on financial management this will also contribute to tackling fuel poverty.

A comprehensive programme of activity to enable the development and take-up of low carbon technologies including:

- building on the region's strengths in the design and manufacture of low carbon vehicles
- balancing short term action in relation to electric vehicles with long term planning for the use of hydrogen cell technology
- enabling improved provision and management of charging points across the 3SC area.

District heating and energy schemes

A programme to scale up action on heat networks, energy generation, local power management and smart grids across the area, starting with a collaborative drive by universities, business and the public sector to learn from current initiatives.

This will inform action to develop a more effective process for feasibility planning, to ensure the availability of a skilled workforce and to provide confidence to invest in projects of this type.

Re-use of materials

A programme developed with major businesses in the area which re-uses materials to accelerate the amount of commercial and industrial waste being re-used in order to both enable important local businesses to grow and to reduce the amount of waste going to land fill.

PEOPLE

The WMCA will develop an employer-led sector skills strategy for this sector to:

- feed into the West Midlands Employment and Skills Strategy
- enable the design and commission of bespoke provision for this sector, building on the lessons from the Black Country Skills Factory.

BUSINESS

Innovation

Energy and low carbon technologies is one of the priority themes of the Midlands Engine Science and Innovation Audit.

Energy – energy security and policy and air quality – is an initial key challenge area for the Consortium for Demonstration of Intelligent Systems.

DEVOLUTION DEAL 2016

- develop a devolved approach to business support from 2017 onwards
- discuss the combined authority's access to finance requirements
- develop a strong proposal for a Science and Innovation Audit.

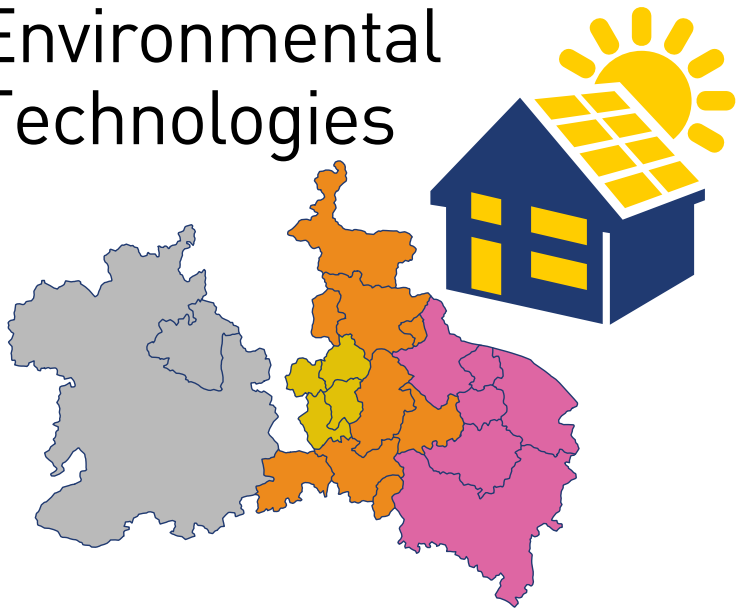
INNOVATION ASSETS

- University/business partnerships include:
  - Birmingham University leads the UK Hub for Quantum Technology for Sensors and Metrology
  - Aston, Birmingham and Warwick are three of the six partners in the Energy Research Accelerator recently announced by Treasury
  - The European Bioenergy Research Institute (Aston)

The delivery of this strategic priority will require engagement with: BIS, DECC, Utility Regulators, National Grid, the Association for Decentralised Energy and Sustainability West Midlands.

ENVIRONMENTAL TECHNOLOGIES: THE FIGURES

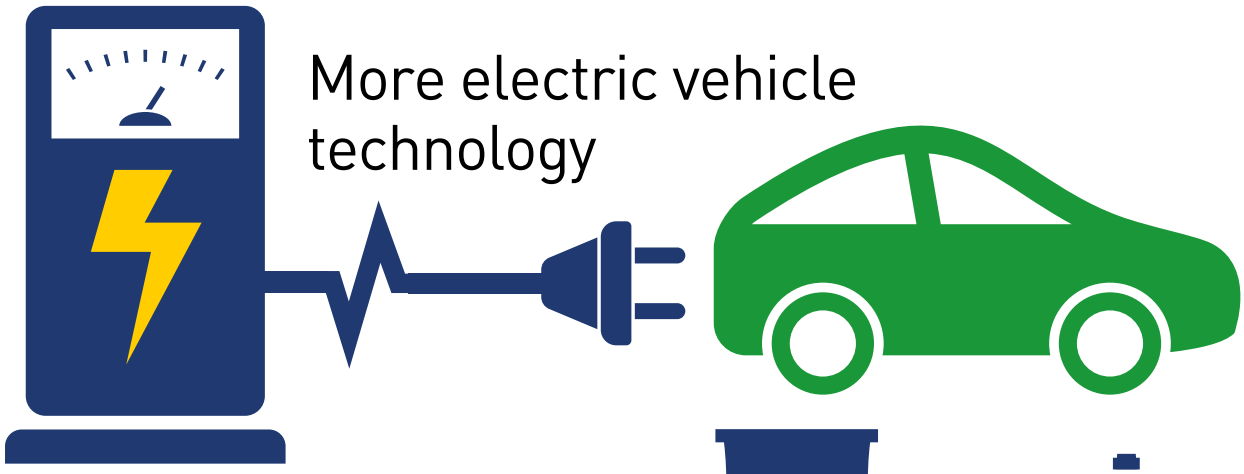
Environmental Technologies



Baseline
2.6bn GVA 23k jobs

By 2021
+£1bn GVA
+1k jobs

By 2030
+£2bn GVA
+1k jobs
+1k NVQ4+
- 1k no qualifications



Re-use more materials

MEDICAL, HEALTH AND LIFE SCIENCES: THE FACTS

Using the scale of the combined authority to enable the further growth of the medical and life sciences sector in Birmingham and more widely, and to enable other businesses to diversify and become part of the sector's supply chain.

This builds on the work of GB&SLEP's Life Science's Commission and the existence of local centres of excellence and the new Institute of Translational Medicine.

This would also involve collaboration with the wider medical technologies cluster across the Midlands Engine.

Impact by 2021 from baseline:

+ £2bn GVA
+ 35k jobs

Impact by 2030 from baseline:

+ £6bn GVA
+ 75k jobs
+ 29,000 NVQ4+
- 17,000 no quals.

Spatial dimension

There is a particularly significant cluster of businesses in the medical and life sciences sector in Birmingham. The size and diversity of the area's population enhances the area's potential as an accelerated access test bed.

PLACE

An internationally significant accelerated access test bed

The WMCA will promote Birmingham and the West Midlands as European centre for the rapid development and assessment of drugs, diagnostics and devices. This will exploit the current sector strengths, the key institutions in the area and the size and diversity of the population of the West Midlands.

PEOPLE

This sector focused activity is one element of a wider programme of activity on health and wellbeing, including:

- the work of the WMCA's Mental Health Commission which will recommend action to improve mental health and wellbeing, reducing the demand on public services and increasing economic participation
- enabling the growth of the region's leisure, cultural and visitor economy offer to support action to improve the health and wellbeing of local people
- the involvement of the shadow combined authority and councils' health and wellbeing boards in the work on the health service sustainability and transformation plans.

DEVOLUTION DEAL 2016

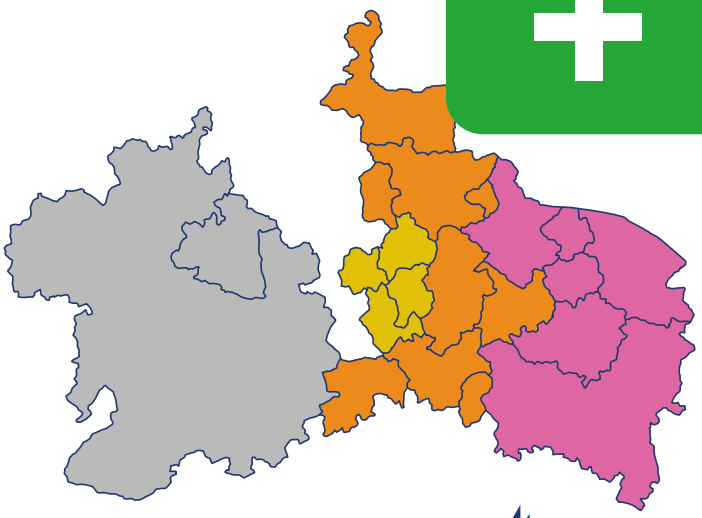
This priority will take advantage of the following government commitments in the devolution agreement:

- a commitment to discussing the outcome of the Mental Health Commission.

Delivering this priority would require engagement with DH, NHSE, the West Midlands Academic Health Science Network, universities and local health trusts.

MEDICAL, HEALTH AND LIFE SCIENCES: THE FIGURES

Enable growth of medical and life sciences in Birmingham and beyond



Baseline-
6bn GVA
250k jobs

By 2021
+£2bn GVA
+35k jobs

By 2030
+£6bn GVA
+75k jobs
+29k NVQ4+
- 17k no qualifications

Action to improve mental health

Double productivity of the life science and healthcare sector

HS2 GROWTH: THE FACTS

The WMCA's vision is to fully maximise the benefits of the largest infrastructure project in Europe in order to drive economic growth across the Midlands and secure:

- 104,000 new or safeguarded jobs, 10% of which will be filled by residents currently unemployed
- an additional £14bn GVA
- an increase in skills, with 36% of the local population qualified to level 4+ and 2000 apprenticeships
- support for 2000 businesses
- improved accessibility, with over 2million people connected to HS2.

The combined authority will develop an implementation plan setting out how it intends to deliver the HS2 Growth Strategy. It will work closely with the government and HS2 Ltd in developing the plan.

Supply chain opportunities presented by HS2 will be used to demonstrate to SMEs the value of investment in R&D and innovation.

The devolution agreement welcomes the progress made so far and includes new mechanisms that will enable local partners to deliver the plan.

Impact by 2030 from baseline:

+ £6bn GVA
+ 25k jobs
+ 4,000 NVQ4+
- 16,000 no quals.

PLACE

HS2's two landmark stations will be fully integrated into the fabric of the region, delivering two development zones. The vision is for a fully integrated HS2 network linking new assets with existing business districts, maximising impact through the HS2 Growth Strategy Implementation Plan.

A programme of investment in connectivity improvements will be impletmented to facilitate access to the HS2 hubs for workers, residents and businesses.

Midlands Connect will develop a transport vision and strategy. Priorities include ensuring that transport networks are ready for HS2.

PEOPLE

Accelerate: skills for the supply chain

Activity to enable prospective HS2 contractors to develop their workforce to be HS2 ready by amalgamating demand for skills, delivering workforce development, boosting apprenticeships and exploiting the delivery of the National College for High Speed Rail as a beacon for rail industry skills.

Ignite: Schools

A "HS2 Ready" careers inspiration programme delivered from primary.

Re-tune: Employability

Drawing on lessons from New Street Station, a multi-agency approach to up-skilling unemployed people to access HS2 jobs.

BUSINESS

The decision to locate the HS2 rolling stock depot at Washwood Heath will be used to create a hub for the HS rail supply chain. To ensure the supply chains across the region are ready we will address four key areas: business diagnostics; market development; building information modelling; and capacity development

An outreach programme will explain the benefits to the HS2 'region' and encourage businesses to locate their European/international HQs in the area.

The advice and recommendations from the Productivity Commission will inform the approach to local, national and international connectivity.

Innovation

Opportunities provided by HS2 will demonstrate to SMEs the value of investment in R&D and innovation.

Mobility is an initial key challenge area of the Consortium for Demonstration of Intelligent Systems.

DEVOLUTION DEAL 2016

Draw up and agree with government the HS2 Growth Strategy Implementation Plan

The delivery of this strategic objective will require engagement with: HS2 Limited; Network Rail and Rail Operators, DfT, DWPand BIS.

HS2 GROWTH: THE FIGURES

Baseline-
7bn GVA **153k jobs**

By 2021
+£2bn GVA
+19k jobs

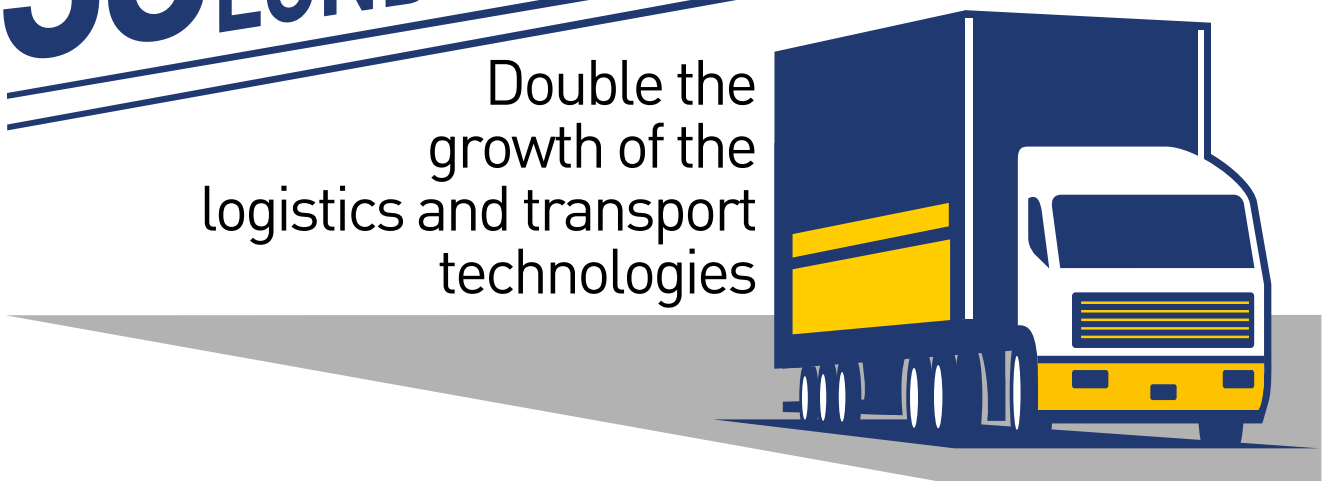
By 2030
+£6bn GVA
+25k jobs
+4k NVQ4+
- 16k no qualifications

Support for
2000
businesses

2000
apprenticeships

Planned connection time
38 minutes to **LONDON**

Double the growth of the logistics and transport technologies



SKILLS FOR GROWTH AND EMPLOYMENT FOR ALL: THE FACTS

Action to ensure that:

- the skills needs of businesses are met, with a particular focus on the needs of businesses in transformational sectors;
- everybody has the opportunity to befit from economic growth
- there are three strands of activity
- ignite: targeting those in education and training
- accelerate: targeting those in work
- re-tune: targeting people out of work and whose skills don't match labour market demand.

The WMCA's Productivity and Skills Commission will inform future work in this area

Impact by 2030 from baseline:

+ 153k fewer people with no qualifications

+ An additional 156k more people educated to NVQ4+ level or above

Spatial dimension

- important economically in all three LEP areas
- action required at a combined authority/three LEP, individual LEP/local authority and community levels
- spatial focus in skills investment zones reflecting communities with high levels of worklessness, specialist education and training provision; business clusters.

PLACE

Identification of Skills Investment Zones for targeted activity to raise skills and work with unemployed people and those whose skills don't match demand.

PEOPLE

Managing the devolved 19+ adult skills budget

Priority for the analysis and policy development necessary to enable the successful management of the devolved budget, with an initial focus on the development of outcome agreements with providers in 2016-17.

This work will pull together:

- the impact of the post-16 area reviews
- analysis of the provider landscape – strengths, capacity, quality and scope for centres of excellence; a detailed analysis of the learner population, including travel to learn patterns.

Co-design employment support

Approach to the co-design of the programme will be informed by:

- a review of the learning from the local initiatives currently under way across the combined authority area; findings from work on public service reform, including the Mental Health Commission.

Business and schools

Using scale of the combined authority to deliver a "charter for young people" on careers advice and guidance, including work experience, mentoring and teacher placements.

BUSINESS

Sector skills strategies

Engaging with businesses to develop employer-led sector skills strategies for seven transformational and three enabling sectors. These strategies will:

- inform the contents of the Employment and Skills strategy and underpin use of the devolved 19+ adult skills budget
- enabling the design and commission of bespoke provision for specific sectors building on initiatives such as the Black Country Skills Factory and the UKCES Futures Management and Leadership programme
- inform action to enable the provision and take-up of apprenticeships.
- identification of the skills needed to support greater adoption of innovation and enable provision to meet those needs.

DEVOLUTION DEAL 2016

The devolution agreement is crucial to delivering the vision for skills and employment, in particular:

- the phased approach to devolving the 19+ adult skills budget, with full devolution from 2018-19 and two incremental steps:
  - Developing outcome agreements with providers in 2016-17;
  - Scope to vary block allocations to providers in 2017-18;
- a commitment to co-designing future employment support.

Work on this priority will initially focus on preparing to take on these responsibilities through the development of a **West Midlands Employment and Skills Strategy** the core of which is illustrated in the diagram on page 55.

The delivery of this strategic objective will require partner engagement with BIS, DWP and SFA, the regional Schools Commissioner and education providers, including schools.

SKILLS FOR GROWTH AND EMPLOYMENT FOR ALL: THE FIGURES

153k fewer people with no qualifications and

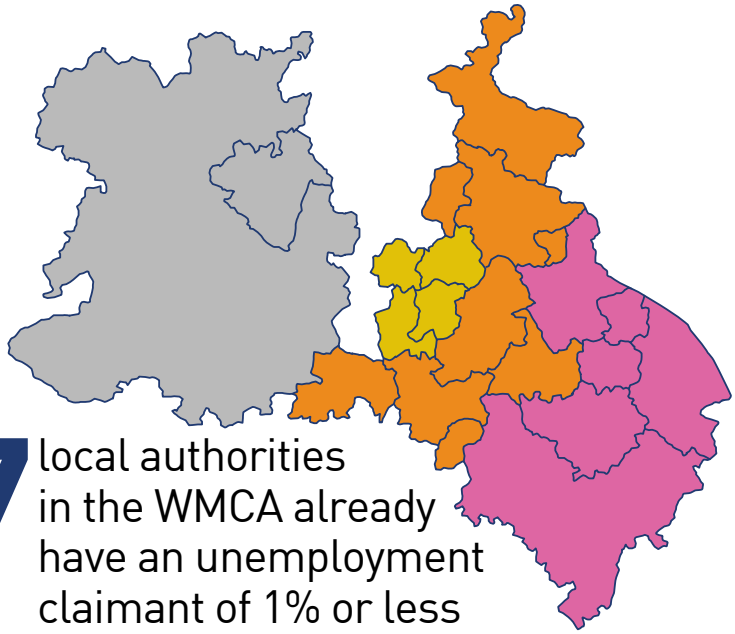
156k more people educated to NVQ4+

Assets

9 universities

27 colleges

293 mainstream secondary schools



7 local authorities in the WMCA already have an unemployment claimant of 1% or less

11 science parks

	Number of state funded mainstream secondary schools performing above national average (>58.1%[a])	Number of state funded mainstream secondary schools performing below national average (<58.1%[a])	Total number of state funded mainstream secondary schools	% of state funded secondary schools above the national average of 58.1%
BCLEP	**27**	**54**	**81**	**33.3%**
CWLEP	**28**	**32**	**60**	**46.7%**
GBSLEP	**70**	**82**	**152**	**46.1%**
WMCA	**125**	**168**	**293**	**42.7%**

a = All state funded mainstream schools achieving 5+A* - C inc English and Maths

HOUSING: THE FACTS

The Economy Plus scenario calls for a level of housebuilding significantly greater than currently provided for in development plans or being delivered across the two strategic housing market areas in the West Midlands. Planning authorities face a major challenge in meeting current levels of housing need collectively and individually. Many sites are difficult to develop because of their size, condition and the current shape and business model of the house-building sector. This priority is intended to:

- remove the barriers to the development of sites that are currently allocated for housing
- create the conditions in which it is possible to provide the level and mix of housing to support the growth assumed in the Economy Plus scenario.

Impact by 2021 from baseline:

+ £2bn GVA
+ 23k jobs

Impact by 2030 from baseline:

+ £4bn GVA
+ 47k jobs
+ 9,000 NVQ4+
- 6,000 no quals.

Spatial dimension

The spatial implications of delivering the level of housebuilding necessary to support the Economy Plus scenario are enormous. The WMCA will commission a study to explore steps needed to accommodate this level of growth, including urban form, housing densities, connectivity, energy and utility provision and the nature of settlements.

PLACE

Immediate action to accelerate house building

A programme of activity to bring forward sites for development, including land assembly and remediation work.

The combined authority infrastructure strategy will give priority to:

- enabling the development of major housing sites in the most sustainable locations
- a programme to bring forward clusters and small and medium sized sites to support a range of needs and market opportunities; maintaining and enhancing the existing stock, including energy efficiency.

Positive planning

Action to develop and share good practice to build on the action taken by planning authorities to enable sustainable growth, including more extensive use of Local Development Orders, placemaking and the principles of SMART cities.

A new approach to house building

The combined authority will explore ways in which it can exploit its scale and potential to secure further powers to work with the house building industry to develop a business model which enhances the viability of housebuilding in the area, including:

- supporting the capacity locally for off-site construction, including potentially direct investment
- supporting local small and medium-sized housebuilders for whom smaller sites will be more viable
- supporting the development of low carbon and zero carbon homes
- establishing a development arm to influence the shape of the local construction sector
- exploring a mechanism to invest upfront in social infrastructure in a way that increases the viability of development in return for a share in the financial benefits of that investment
- Identifying the house building industry as an early priority for the WMCA's productivity and skills commission.

PEOPLE

Further developing facilities such as the Wolverhampton Construction Campus and the Construction Training Centre at Dudley to ensure the availability of a skilled workforce to deliver increased housebuilding.

BUSINESS

Increased housing provision will contribute to improved productivity.

Work with the construction sector to ensure capapcity to deliver an increased rate of house building.

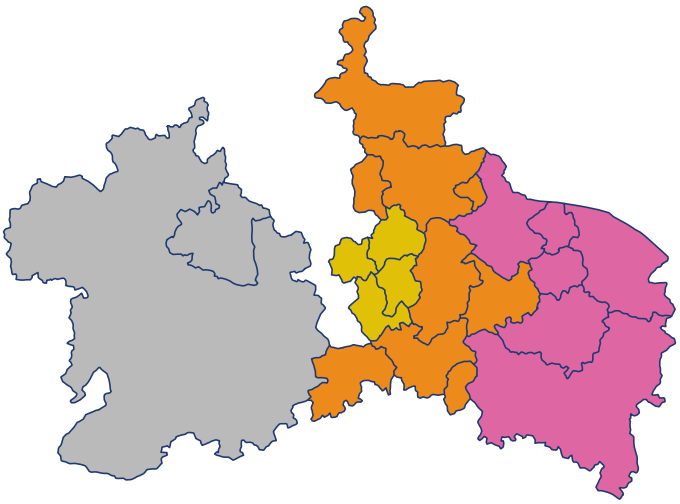
DEVOLUTION DEAL 2016

This priority will take advantage of the following government commitments in the devolution agreement:

- the HCA to work with the combined authority to develop a joint strategic approach to housing;
- to support the WMCA Land Commission;
- the creation of a land remediation fund;
- to continue discussions on:
  - devolution of housing loan funds;
  - creation of a housing investment fund.

The delivery of this strategic objective will require partner engagement with cultural institutions, Arts Council England, BIS and DCMS, Innovate UK and universities.

HOUSING: THE FIGURES

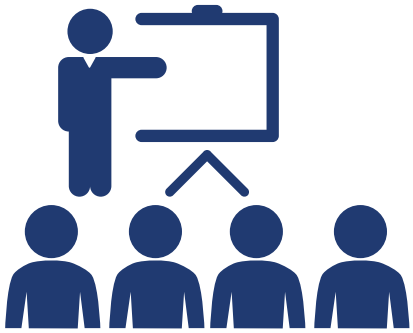


£500m
housing investment

Baseline-
4.5bn GVA 119k jobs

By 2021
+£2bn GVA
+23k jobs

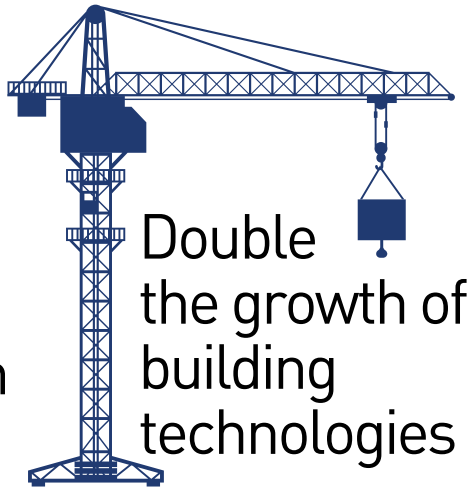
By 2030
+£4bn GVA
+47k jobs
+9k NVQ4+
- 6k no qualifications



Develop construction training centres

Increased rate of house building

Support development of low carbon and zero carbon homes



Double the growth of building technologies

EXPLOITING THE ECONOMIC GEOGRAPHY: THE FACTS

Exploiting the economic geography: making the West Midlands a first class place to live, work and visit.

A programme of activity to exploit the economic geography of the three LEPs including:

- the potential contribution of the three cities to the economy of the West Midlands as gateways, the location of business services and the wider place offer
- the contribution of the economic hinterland to the West Midlands' economy and wider place offer.

Impact by 2021 from baseline:

+ 17bn GVA
+ 160k jobs

Impact by 2030 from baseline:

+ £41bn GVA
+ 306k jobs
+ 78,000 NVQ4+
- 72,000 no quals.

PLACE

A programme of activity to exploit the distinctive contributions of the three city centres and other strategic centres, including:

- the cultural offer in Birmingham, Wolverhampton and Dudley;
- the city centre university and college presence in Wolverhampton; supporting major development opportunities in the three city centres; supporting the roles of other more local centres.

Transport propositions which:

- support the key economic links between the wider hinterland and the core of the conurbation
- maximise the economic potential of UK Central; reinforce the role of the three cities as gateways to the West Midlands, including links between Coventry and UK Central.

Action to ensure the supply of land to meet the needs of expanding businesses and inward investment, with a particular focus on bringing brownfield sites back into use and ensuring the provision of a small number of large strategic sites.

PEOPLE

Using the city centres and other towns to provide a critical mass for rationalisation of public sector assets into one public estate.

BUSINESS

A programme to ensure that West Midlands' businesses source their finance and business services locally, building on Birmingham's position as the UK's leading centre for financial services outside London and the potential contribution of Coventry and Wolverhampton. A programme to support existing drivers of growth in the more dynamic parts of the wider conurbation and enable other areas to become net economic contributors.

Exploiting the:

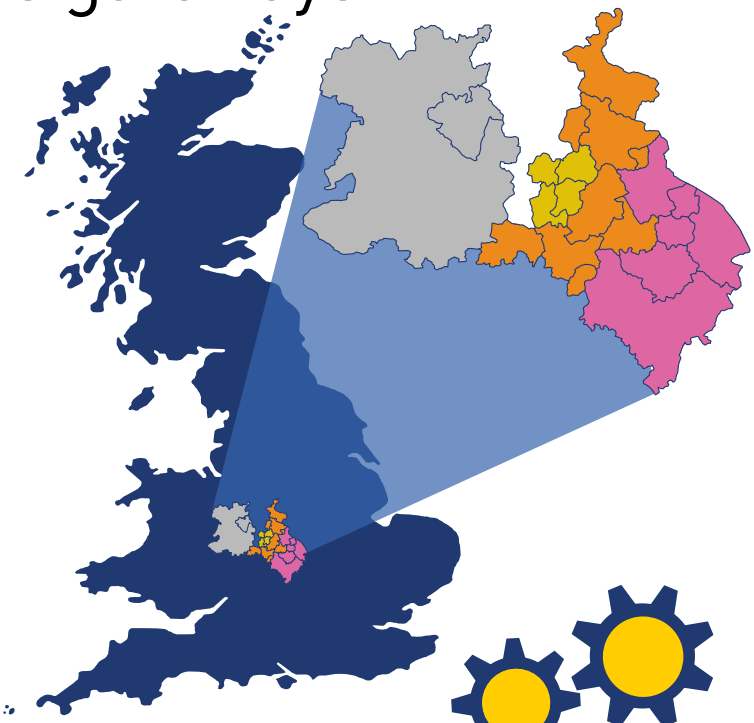
- business services, retail, leisure and cultural offer of the three city centres in the promotion of the area for inward investment;
- opportunities presented by the development of UK Central; distinctive contribution of the enterprise belt to the West Midlands as a place in which to live, work and invest.

DEVOLUTION DEAL 2016

- Government support to develop a devolved approach to business support from 2017 onwards.
- Government commitment to devolution and greater collaboration/co-design of inward investment and international trade activities, including a ring-fenced resource and joint plan with UKTI
- Government support for new public sector hubs in Wolverhampton and Coventry (in addition to Birmingham's role in the One Public Estate Programme) and a series of neighbourhood integration pilots in the other areas.
- The Mayor to receive a devolved and consolidated transport budget. Government contribution to the development of the HS2 Growth Strategy Implementation Plan. An opportunity for the combined authority to bring forward proposals for the management of current and new rail stations.
- Support for the creation of a land remediation fund.

EXPLOITING THE ECONOMIC GEOGRAPHY: THE FIGURES

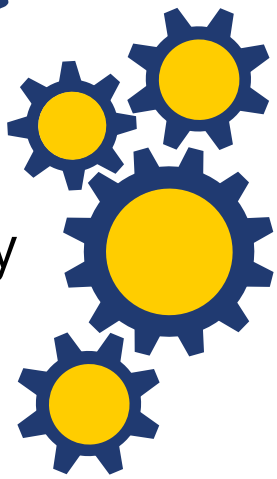
The three cities as gateways



Baseline-
45bn GVA
1.1m jobs

By 2021
+£17bn GVA
+160k jobs

By 2030
+£41bn GVA
+306k jobs
+78k NVQ4+
- 72k no qualifications

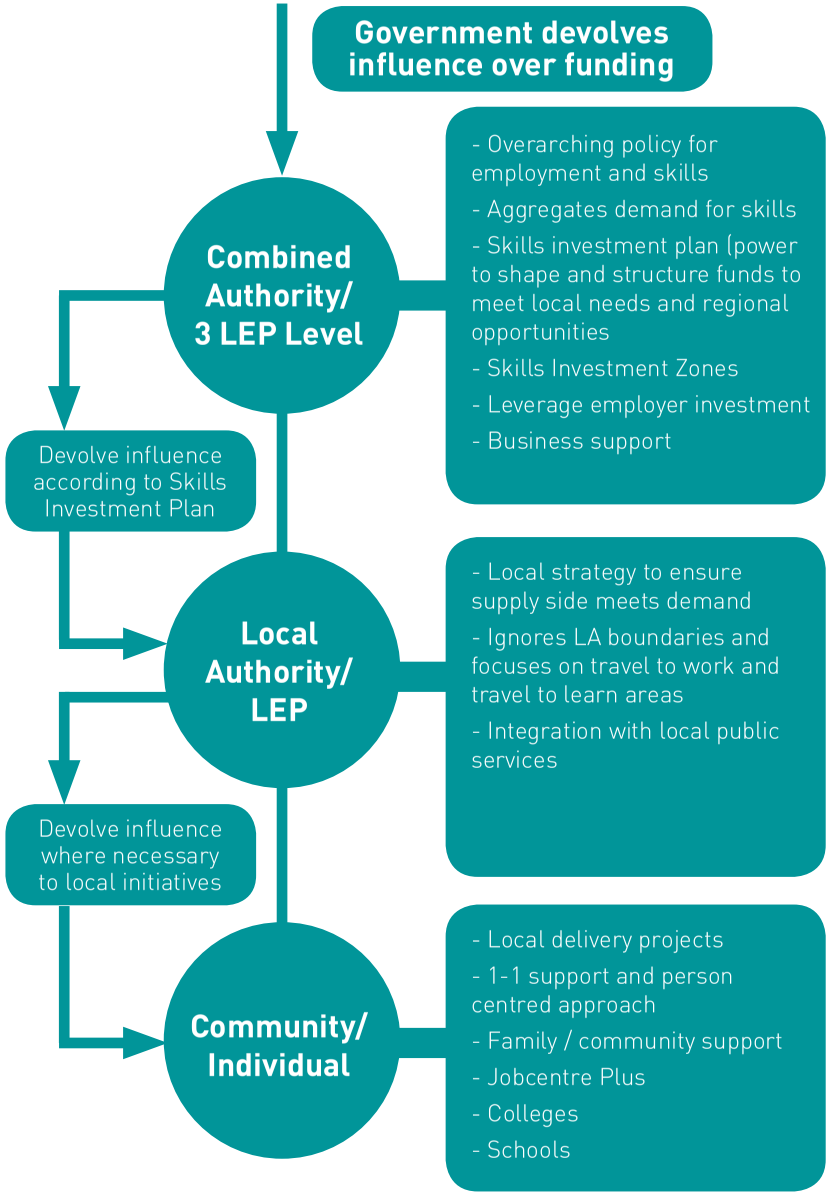


Double the productivity of services

New public sector hubs

Leaders in export

SKILLS DEVOLUTION DEAL



Guiding Principles

- one strategic framework
- one common set of KP1s and reporting structure
- one clear, simple governance structure

We no longer have the resources to work any other way!

Skills Investment Zone

Based on opportunity not need

Identify and quantify opportunities within a geographical area (e.g. Enterprise Zone) or sector (e.g. Advanced Manufacturing and Engineering)

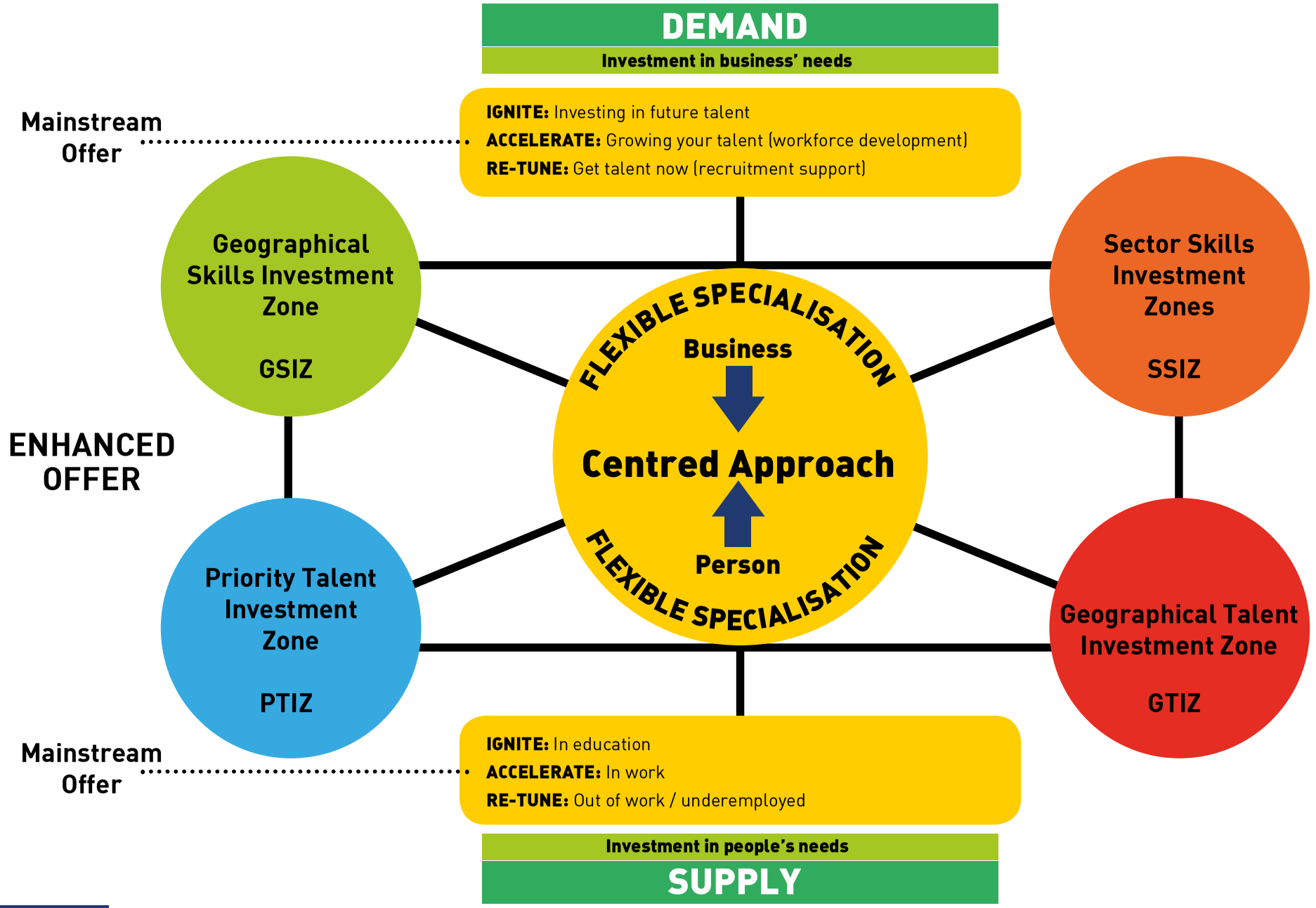
Skills Investment plan identifies programmes / projects requiring investment to correct supply and demand for skills

Local authority level strategy identifies the mix of services required to enable local supply side to meet demand within the Skills Investment Zone

Direct connection between business support and employment and skills opportunities

	Key Components at all levels	Deal
IGNITE	Targeting those in education / training	Invest to save through reduction in future NEETS and youth unemployment and development of higher level skills
ACCELERATE	Targeting those in work that can progress, supporting increase in productivity	Skills profile in line with England average = increase in GVA of 2.7% (£2,163m) + an increase of £865m p.a in tax revenue
RE-TUNE	Targeting unemployed and those whose skills don't match demand	Unemployment rate in line with England average = £62.8m p.a saving in benefit spend + an increase of £49.3m in tax revenue

EMPLOYMENT AND SKILLS MARKET SHAPING



Technical appendices are available on the WMCA website: www.westmidlandscombinedauthority.org.uk

1. **Vision Setting** – detailed economic analysis of future scenarios using Oxford Economic model baseline and economic impact model. **"An Economic Forecasting Model for the West Midlands Combined Authority"** produced in November 2015 by the Black Country Economic Intelligence Unit.
2. **Fiscal Impact** – a detailed methodology to understand public finances and outline the gap between total public expenditure and total tax receipts. **"West Midlands Combined Authority Approach to Income and Expenditure"**, October 2015, produced by Black Country Economic Intelligence Unit.
3. **Sectors** – The document includes a sectoral and occupational analysis of the Oxford Economic Model and provides a graphical representation of GVA and jobs forecasts under the various scenarios for the seven transformational sectors and three enabling sectors which have been identified. It also shows the alignment of the sectors to the 8 strategic priorities.
4. List of the **top 200 strategic companies** in the WMCA, ranked by turnover.
5. **Skills** –This report contains RAG rated tables relating to the following aspects of skills and employment across the West Midlands Combined Authority included qualification levels, NEETs and school performance to provide a spatial perspective.
6. **WMCA Performance Management Framework** – provides a clear framework against which success can be measured. The PMF is composed of a selection of strategic headline indicators, which measure the impact of the various programmes areas of the WMSEP. The indicators in the PMF will be the basis upon which we appraise and prioritise our programme of interventions to deliver the WMCA SEP.
7. **Dynamic Economic Impact Model (DEIM) – This document includes a explanation of the WMCA DEIM which** builds on the latest methodological advancements in regional economic impact modelling capturing hard and soft infrastructure interventions.

The West Midlands Combined Authority's Strategic Economic Plan has been developed and is supported by a wide range of organisations across the region who have all made valuable contributions to its vision, strategy and objectives. These organisations – and more across the region - will continue to be actively involved in the further development and delivery of this SEP and will play a key role in making the West Midlands the best region in the UK to do business.