



# AGENDA

No.	Item	Presenting	Pages
1.	Welcome	Chair	None
2.	Apologies for absence	Chair	None
3.	Declarations of Interest (if any) Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
4.	Nomination of Vice-Chair To agree the appointment of Tom Westley to the role of Vice- Chair	Chair	None
5.	Terms of Reference	Chair	1 - 8
6.	Work Programme	Chair	9 - 14
7.	Economic Conditions and Forecasts	Rebecca Riley	15 - 26
8.	West Midlands Plan for Growth	Chair/Mayor	27 - 36
9.	West Midlands Jobs Plan	Chair//Mayor	37 - 42
10.	Date of next meeting - 24 March at 10.00 AM - to be confirmed		None



## Economic Growth Board

<b>Date</b>	2 February 2022
<b>Report Title</b>	Economic Growth Board – Governance Arrangements
<b>Portfolio lead</b>	Economy and Innovation – Councillor Ian Brookfield
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Dr Julie Nugent, Director of Productivity and Skills Email: <a href="mailto:Julie.Nugent@wmca.org.uk">Julie.Nugent@wmca.org.uk</a>
<b>Report has been considered by</b>	WMCA Governance services

### Recommendations for action or decision:

#### The Economic Growth Board is asked to:

- a) Adopt the attached Terms of Reference, voting rights and membership.
- b) Note that EGB has the power to vary (or add to) the membership as needed; and
- c) Agree that the Innovation Board, Create Central, Cultural Leadership Board and Energy Capital Board will also report to the EGB.
- d) Agree that the EGB has a role in working with the WMGC Board to maintain an overview of its impact on the West Midlands' economy.

### 1 Purpose

- 1.1 The purpose of this report is for Economic Growth Board to adopt its Terms of Reference and confirm membership of the Board. EGB is asked to note that governance arrangements for other Boards will be brought forward to a future meeting to clarify and simplify leadership arrangements.

### 2 Background

- 2.1 Leaders of the seven constituent authorities and the Mayor agreed to a comprehensive review of the region's governance. This included a focus on streamlining economic governance and policymaking, and establishing clearer, more accountable decision-making body.

*Economic Growth Board Role and Terms of Reference*

- 2.2 The outcome of the review was reported to the WMCA Board on 19 November 2021. The WMCA Board resolved to establish the Economic Growth Board (EGB) with decision-making powers, led by the Portfolio Lead for Economy, which will put regional economic development at the heart of WMCA decision making. The Combined Authority Board has delegated the following powers to the Economic Growth Board:
- such well-being powers as are set out in sections 99 and 102A of the Local Transport Act 2008 in order to promote economic growth and such powers can be exercised in conjunction with general powers granted to the Combined Authority by virtue of Section 113A of the Local Democracy Economic Development and Construction Act 2009 (as amended by the Localism Act 2011).
- 2.3 As well as placing inclusive economic growth at the heart of WMCA decision making, the EGB will also influence other areas of delivery, such as transport and skills, which are direct enablers of inclusive economic growth. This will not affect the current governance arrangements for those topics (e.g. the Skills Advisory Board will continue to provide strategic oversight of regional skills needs, with a focus on the Adult Education Budget). Working alongside the WMGC Board, the EGB will also have oversight of the impact made by the West Midlands Growth Company.
- 2.4 The EGB will be advised and supported by a cross regional officer group. This is currently being developed and will follow the direction of item 8 (West Midlands Plan for Growth, and associated task and finish group activity) to strengthen links between partners.

#### *Membership and voting*

- 2.5 Membership is as set out within the Terms of Reference at Appendix 1.
- 2.6 There are 18 EGB members. To demonstrate strong democratic accountability, should the Board be required to vote on matters, the eight voting members are The Mayor, the Portfolio Lead for Economy & Innovation, and the Leaders of the other Constituent Authorities.

#### **Oversight of private sector-led advisory groups**

- 2.7 There is a range of private sector-led regional advisory Boards and groups which play an economic role. They include the Innovation Board, Energy Capital Board, Cultural Leadership Board, Create Central, and Tourism Board (which reports to the Growth Company). These are advisory groups helping to inform WMCA policy and in some cases oversee the delivery of specific programmes – they are not decision making. In establishing the Economic Growth Board, the WMCA Board asked that it consider its relationship with advisory groups. It is recommended that Create Central, Cultural Leadership Board, and the Energy Capital Board (which will also report to the Environment and Energy Board) should also report to EGB, along with the Innovation Board. The work of the Tourism Board will be covered through the EGB's relationship with the WMGC.
- 2.8 The main activities and responsibilities of these Boards are:

Advisory Board	Summary
Innovation Board	Champion demand-led innovation across the 3 LEP WMCA geography, acting as the prime collective voice for encouraging innovation in West Midlands' firms and oversight of the West Midlands Innovation Programme.
Energy Capital Board	The smart energy innovation partnership for the West Midlands. By responding to the needs of our vibrant manufacturing economy and diverse local markets, we aim to make the West Midlands one of the most attractive locations to build innovative clean energy technology companies in the world. Our partnership combines world-leading academic expertise with ambitious local authorities, diverse businesses, innovators and entrepreneurs. Energy Capital provides a single point of contact for investors, project funders and potential partners across the West Midlands geography.
Create Central Board	<p>Create Central brings together the most successful TV, Film, Games, and wider creative content leaders, stakeholders and partners in the West Midlands. It is private-sector only, and arms-length from local government, linking to the public sector via a governance framework agreed by the WMCA and LEPs to deliver a growth plan across:</p> <ul style="list-style-type: none"> <li>• Partnerships with national sector bodies such as the BFI, Creative England, ScreenSkills, Ukie, PACT, Creative Industries Council, British Film Commission, UK Screen Alliance, British Games Institute and others.</li> <li>• A formal partnership agreement with WMGC to develop and deliver a Production and Inward Investment Strategy and partnerships with major broadcasters.</li> <li>• Strengthening links between industry and the development of talent and skills across the region.</li> </ul>
Cultural Leadership Board	Established in 2019 to advise the WMCA on the transformative role of culture across WMCA's policy areas, including transport and housing, skills, digital, the environment, wellbeing and inclusive communities. The board has currently 21 members and is committed to building an innovative and entrepreneurial cultural sector, with leadership that reflects the diversity of our region, and supporting a world-class cultural offer that is accessible to all. Cultural and creative sectors can play a major role in the Levelling Up of West Midlands and the Board wants to ensure these opportunities are fully utilised in the region.
West Midlands Growth Company	The West Midlands Growth Company (WMGC) is a Teckal company, owned by the WMCA, its constituent authorities and the region's universities. WMGC will report to the Economic Growth Board on key strategic matters and with new investible propositions

	to drive growth, as well as to WMCA via existing channels regarding progress with delivery of its service level agreement. Activity will continue to be commissioned from WMGC in line with existing arrangements.
Tourism Board	The Regional Tourism Board owns the Region's Tourism Strategy, and its executive is provided by WMGC. The industry-led Tourism Board will report into the Economic Growth Board on key strategic matters and with new investible propositions to drive the sustainable growth of the region's tourism, leisure and hospitality sectors.



### **3 Financial Implications**

- 3.1 Whilst the EGB will have decision making powers, it will not have any authority to approve WMCA incurring financial liabilities. To clarify, such decisions to incur cost will remain with the Combined Authority Board and Investment Board only.

### **4. Legal Implications**

- 4.1 Economic Growth Board is established as a decision-making Board under the WMCA's constitution with newly adopted terms of reference.

### **5. Equalities Implications**

- 5.1 There are no immediate equalities implications arising from this report.

### **6. Inclusive Growth Implications**

- 6.1 The EGB will place inclusive economic growth at the heart of CA decision making.

### **7. Geographical Area of Report's Implications**

- 7.1 The report refers to the 3 LEP area and incorporates links with all constituent and non-constituent authorities. Subject to policy decisions by Government and local partners, decision-making over economic growth policies and programmes might relate to either the 7-met WMCA area, or the wider economic footprint.

### **8. Other implications**

- 8.1 None.



## APPENDIX 1

<b>Economic Growth Board - Terms of Reference</b>	
<b>Purpose</b>	<p>To provide strong, democratically accountable leadership to the strategic oversight of the region's approach to driving green and inclusive economic growth.</p> <p>To exercise the delegated authority provided to it by the Combined Authority Board on matters of inclusive economic growth.</p> <p>The Board will have responsibility for overseeing the performance and evaluation of the region's economic strategy, monitoring and managing processes as required.</p>
<b>Accountable to</b>	WMCA Board
<b>Accountable for</b>	Innovation Board Create Central Cultural Leadership Board Energy Capital Board
<b>Membership</b>	<p>There will be 18 members of the board:</p> <p>Voting Members:</p> <ul style="list-style-type: none"><li>• Mayor (x1)</li><li>• Portfolio Lead for Economy &amp; Innovation (x1)</li><li>• Leaders of the other Constituent Authorities (x6)</li></ul> <p>Non-Voting Members:</p> <ul style="list-style-type: none"><li>• Representation of Non-Constituent Authorities (x1)</li><li>• Portfolio Holder for Finance (x1)</li><li>• Local Enterprise Partnership Chairs (x3)</li><li>• Representative of Midlands TUC (x1)</li><li>• Representative of West Midlands Chambers of Commerce (x1)</li><li>• Chair of West Midlands Growth Company (x1)</li><li>• Chair of West Midlands Innovation Board (x1)</li><li>• Representative of Higher Education sector (x1)</li></ul> <p>Each representative will be able to send a substitute to the meeting if required.</p> <p>EGB may recommend adding to (or varying) the membership of the Board in order to better fulfil its functions in driving green and inclusive economic growth or to reflect organisational changes in the region or nationally.</p>



	<p>Voting rights would remain unaffected, unless the EGB made a separate recommendation to change these.</p>
<b>Chair</b>	<p>Portfolio Lead for Economy &amp; Innovation</p> <p>In the absence of the Chair, the board shall elect from amongst its voting members an Acting Chair until such time as the Chair becomes available again.</p>
<b>Vice Chair</b>	<p>Chair of one of the three Local Enterprise Partnerships.</p> <p>To provide support for the Chair from a business perspective.</p>
<b>Voting - tbc</b>	<p>Only the voting members of the board will be entitled to vote at meetings. The Chair does not exercise a casting vote.</p> <p>Any matters that are to be decided by the Board are to be decided by consensus of the Board where possible.</p> <p>Where consensus is not possible the provisions of this section in the Constitution shall apply as follows:</p> <p>Each Member of the Combined Authority Board is to have one vote and no Member including the Chair is to have a casting vote.</p> <p>Any matter put to a vote will be decided on a show of hands. A decision will require a two thirds majority of voting members present and voting</p>
<b>Quorum</b>	<p>No business shall be transacted unless representatives of five Constituent Authorities are present at a meeting.</p>
<b>Frequency</b>	<p>The board shall meet a minimum of four times a year, or more frequently as required.</p>
<b>Servicing</b>	<p>The board will be serviced by the WMCA's Governance Services team.</p>
<b>Functions</b>	<p>To exercise decision-making powers on behalf of the WMCA in the following areas:</p> <ul style="list-style-type: none"><li>• well-being powers as set out in sections 99 and 102A of the Local Transport Act 2008 in order to promote economic growth and such powers can be exercised in conjunction with general powers granted to the Combined Authority by virtue of Section 113A of the Local Democracy Economic Development and Construction Act 2009 (as amended by the Localism Act 2011).</li><li>• Development of a regional approach to inclusive and green economic growth policies and plans, including the development and delivery of regional economic strategies, policies and plans, to be agreed with CA Board where appropriate.</li></ul>

	<ul style="list-style-type: none"> <li>• Delivery of a West Midlands Jobs Plan, ensuring local communities are linked to new jobs and opportunities.</li> <li>• Regional support to businesses, including the implementation of a new business support programme.</li> <li>• Regional innovation strategy and supporting programmes.</li> <li>• Ensure that economic strategy, and interventions flowing from it, are underpinned by a robust evidence base (including that derived from key sectors and places) which is reviewed and updated on a regular basis.</li> <li>• Ensure that businesses are encouraged &amp; supported to transition to net zero</li> <li>• To consider and advise upon major policy change within the portfolio.</li> <li>• Provide leadership in developing an approach to future devolution of powers from Government to the region on matters of economic growth</li> <li>• Receive updates on the investment programme as it relates to the economic portfolio and also from other Boards which support the economic agenda, for example Employment and Skills, Environment, Inclusion, as appropriate.</li> <li>• To have oversight of the impact made by the West Midlands Growth Company (WMGC).</li> <li>• Report progress to the WMCA Board.</li> </ul> <p>Support the Economy &amp; Innovation Portfolio Holder by:</p> <ul style="list-style-type: none"> <li>• Providing advice and support to WMCA activity</li> <li>• Helping engage with wider stakeholder networks and activity</li> <li>• Identify and scale up existing good practice within the WMCA area</li> <li>• Identify and secure resources to deliver new opportunities</li> </ul>
<b>Review</b>	Annually in June.



## Economic Growth Board

<b>Date</b>	2 February 2022
<b>Report Title</b>	Economic Growth Board Work Programme
<b>Portfolio lead</b>	Economy and Innovation – Councillor Ian Brookfield
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Dr Julie Nugent, Director of Productivity and Skills Email: <a href="mailto:julie.nugent@wmca.org.uk">julie.nugent@wmca.org.uk</a>
<b>Report has been considered by</b>	

### Recommendations for action or decision:

### The Economic Growth Board is asked to:

- a) Agree the suggested work programme attached at **Appendix 1**.
- b) Note that the work programme will be refined after the release of the Levelling-Up White Paper to take account of any decision-making roles for the Economic Growth Board, and that this be informed by a new senior officer group, strengthening the input of local authorities.

### 1 Purpose

- 1.1 To approve the work programme for the Economic Growth Board and confirm arrangements for the Officer Group to manage, refine and deliver the work plan. The suggested work programme supports the region's overall vision and strategy to build a healthier, happier, better connected and more prosperous West Midlands.

### 2 Background

- 2.1 The Economic Growth Board (EGB) was established to put democratic leadership, working with business, at the heart of decision-making on inclusive economic growth. In so doing, it builds on the work of the former Strategic Economic Development (SED) Board and will influence other areas of delivery, such as transport and skills, which are direct enablers of inclusive economic growth. It will not, however, affect the governance arrangements for these topics.

### *Economic Growth Board Work Programme*

2.2 The EGB work programme attached at **Appendix 1** meets the functions identified in its Terms of Reference. Activities fall across four types:

- Oversight of regional economic strategies, plans, and their implementation, including influencing plans to attract government and commercial investment.
- Deliver inclusive economic growth through the West Midlands Jobs Plan, ensuring we link local communities to new jobs and opportunities.
- Oversee a coherent and complementary approach to business support across the region.
- Oversee the work of the Innovation Board and other relevant sub-Boards.

2.3 The work programme will be further refined following publication of the Levelling-Up White Paper and confirmation about budgets and decision-making processes. This refinement will be supported by a senior officer group representing partner local authorities who will be responsible for managing, developing and delivering the work programme for EGB and ensuring strong cross regional working.

### **3 Financial Implications**

3.1 Whilst the EGB has decision making powers, it does not have authority to approve WMCA incurring financial liabilities.

### **4. Legal Implications**

4.1 Economic Growth Board is established as a decision-making Board under the WMCA's constitution with newly adopted terms of reference.

### **5. Equalities Implications**

5.1 There are no immediate equalities implications arising from this report.

### **6. Inclusive Growth Implications**

6.1 The EGB will place inclusive economic growth at the heart of CA decision making.

### **7. Geographical Area of Report's Implications**

7.1 The Economic Growth Board's remit is for the 3 LEP area with all constituent and non-constituent authorities within that area. Subject to the individual items of work being considered by the EGB, work, policies and programmes might relate to either the 7-met WMCA area, or the wider economic footprint.

### **8. Other implications**

8.1 None.

Economic Growth Board – Draft Workplan 2022

Subject to LUWP Release and further input from partner authorities & agencies

	24 <sup>th</sup> March '22 <i>(Subject to availability)</i>	June '22	September '22	December '22	Feb/March '23
1. Oversight of regional economic strategies, plans, and their implementation, including influencing plans to attract government and commercial investment.	<p>Economic opportunities from the <b>Levelling-Up White Paper</b></p> <p><b>Task group work on economic functions</b> to clarify roles and responsibilities and mobilise on the West Midlands Plan for Growth.</p> <p>Endorse <b>West Midlands Investment Prospectus</b> following approval by Investment Board, and its use with investors.</p> <p><b>Agree to digital economy strategic partnership</b> following tender</p>	<p><b>Impact of the 2022 Budget</b> (23 March) on the West Midlands' competitive strengths and communities</p> <p>Agree scope of the <b>Business Taxation Commission &amp; Review</b></p>	<p>Review <b>Commercial Land Strategy</b>, in line with West Midlands Plan for Growth priorities</p> <p><b>Agree response to the Race Equalities Taskforce</b> as it affects economic opportunity and outcomes</p> <p><b>Annual report of the Midlands Engine</b> for its benefits to the West Midlands</p>	<p>Agree response to <b>Life Chances Commission</b> as it affects economic opportunity and outcomes</p> <p>Agree the <b>West Midlands Town Centre Regeneration Delivery Strategy</b></p> <p>Agree next steps on the <b>West Midlands Digital Roadmap</b></p> <p>Agree next steps from the <b>Regional Productivity Forum report</b> about what's needed to increase productivity in a way that's inclusive</p>	<p>Agree outcome and actions from the <b>Business Taxation Review</b></p> <p>Agree next steps on the <b>Circular Economy Routemap</b> after its first year</p>
2. Deliver inclusive	<b>Agree high level West Midlands Jobs Plan -</b>	<b>Regional Skills:</b> Input to prioritisation	<b>Devolved Funding: decisions about devolved funds</b> (e.g.		



<p><b>economic growth through the West Midlands Jobs Plan, ensuring we link local communities to new jobs and opportunities.</b></p>	<p>regional activity to link new jobs and opportunities with local people, through training, support and other interventions.</p>	<p><b>of regional skills provision</b></p>	<p>UKSPF) from the LUWP. This could cover:</p> <ul style="list-style-type: none"> <li>• Skills programmes</li> <li>• Employment</li> <li>• Premium products for business growth</li> <li>• Resource efficiency (<i>scope to be confirmed when LUWP released</i>)</li> </ul> <p><b>Agree Plan to address gaps in provision</b> in line with Employment Support Framework</p> <p><b>Agree skills provision</b> to support inward investment pipeline and Plan for Growth priorities</p>		
<p><b>3. Oversee a coherent and complementary approach to business support across the region.</b></p>	<p><b>Agree proposals for a new business customer journey</b> that is sustainably funded which covers:</p> <ul style="list-style-type: none"> <li>• key account management of strategic companies</li> <li>• business support programmes.</li> <li>• skills advice.</li> <li>• resource efficiency and sustainable travel.</li> </ul>	<p><b>Agree the shape and funding of an integrated regional economic services offer</b>, (subject to funding and direction of LUWP), including the role of the WMGC</p>	<p><b>Agree how demand-led innovation from the WM Innovation Programme will be continued</b>, including through premium business support products</p>	<p><b>Agree to a region-wide campaign</b> to drive up business demand</p> <p>Determine how decision-making over the <b>Co-Invest Fund aligns</b> with business support offer</p>	



<p><b>4. Oversee the work of the Innovation Board and other relevant sub-Boards</b></p>	<p><b>Agree Create Central’s plan for 2022/23</b> following BFI decision about further cluster development support.</p>	<p>Potentially <b>agree shape/focus of a ‘West Midlands Innovation Accelerator/Deal’</b> and role of Innovation Board</p>	<p>Receive report from <b>Cultural Leadership Board</b></p>	<p><b>Agree next steps from Commercial Green Energy Taskforce</b></p> <p>Contribute to a potential <b>Energy Deal</b></p>	<p>Endorse <b>Energy Capital Smart Local Energy System</b> activity and how this can be supported by business services</p>
<p><b>Standing items</b></p>	<ul style="list-style-type: none"> <li>• Latest economic evidence (including qualitative issues from EIG and Regional Business Council), forecasts and key impact measures.</li> <li>• Annual reports from sub-boards:             <ul style="list-style-type: none"> <li>○ Create Central</li> <li>○ Innovation Board</li> <li>○ Energy Capital</li> <li>○ Tourism Board</li> <li>○ Cultural Leadership Board</li> </ul> </li> </ul>				

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## Economic Growth Board

<b>Date</b>	2 February 2021
<b>Report Title</b>	Economic conditions and forecasts
<b>Portfolio lead</b>	Economy and Innovation – Councillor Ian Brookfield
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Dr Julie Nugent, Director of Productivity and Skills Email: <a href="mailto:julie.nugent@wmca.org.uk">julie.nugent@wmca.org.uk</a>
<b>Report has been considered by</b>	WMREDI team

### Recommendations for action or decision:

#### The WMCA Board is recommended to:

- a) Note current economic conditions, including insight from the region's businesses, and long-term economic forecasts.
- b) Agree that regular insight from Economic Impact Group and Regional Business Council be report to the Economic Growth Board to inform its decision-making.

### 1 Purpose

- 1.1 To support the Economic Growth Board's decision-making by providing a summary of:
  - Long-term economic forecasts for the West Midlands.
  - Latest quantitative economic intelligence
  - Recent feedback and insight from West Midlands businesses, from the Economic Impact Group and Regional Business Council.

### 2 Background

#### *Long-term economic forecast*

- 2.1 The West Midlands was the fastest growing region outside London between 2010 and 2019. That success was driven by several of the region's key strengths such as manufacturing, automotive, construction and the visitor economy. As EGB knows, that progress was halted by the global pandemic. To further understand the economy, its potential trajectory and help the WMCA and partners target interventions, WMREDI (West Midlands Regional Economic Development Institute) commissioned Oxford Economics

to create an economic model of the region to 2040. The model gives partners an indication of future economic performance based on their independent assumptions about a series of trends. This creates a baseline “do nothing” scenario and helps decision makers understand the scale and nature of economic change to target interventions that drive prosperity and inclusion. Where the model forecasts potential challenges, these are opportunities for civic and business leaders to work together proactively on solutions using appropriate powers and resources.

- 2.2 The model has been created to ensure consistency with national, regional, and local changes and local variables. It does not extrapolate past trends but relies instead on a series of assumptions:
- UK GVA (Gross Value Added) growth was 7.4% in 2021 and urban areas will continue to economically outperform more rural areas
  - The population in the WMCA area will grow from 4.2m to 4.4m by 2040. This rate of growth is slightly behind national growth trends, largely because of EU Exit reducing the rate of in-migration.
- 2.3 **Appendix 1** shows headlines from the model including:
- The UK’s long-run GDP trajectory, showing the relative effects of the 2008 global financial crisis and 2020 pandemic.
  - West Midlands economic output is forecast to increase from £104bn in 2019 to £131bn in 2040. However, this yearly growth rate is less than the projected UK growth rate.
  - Within the West Midlands, the LEP sub-regions have different output trajectories. GVA per head is forecast to increase slowest in the Black Country which in part reflects the degree of travelling for work.
  - Wage growth is forecast to lag UK annual growth levels (2.96% vs 3.07%).
  - Employment forecasts to 2040 vary considerably by sector. Growth in services employment sits alongside a potential decline in manufacturing employment. While this does point to manufacturing productivity (and potentially wages) increasing and operative roles moving to more skilled technical and scientific jobs, there are also opportunities to intervene to ensure the West Midlands retains comparative advantage in high-value manufacturing.
  - New trade frictions have a disproportionate effect on the West Midlands because of its exporting strength – particular on automotive and transport machinery.
- 2.4 The model also captures the changing link between carbon and the economy. It finds that industry’s carbon emissions are set to decline (along with transport) over the period, but household emissions are forecast to rise based on the model’s assumptions and without further intervention.

### ***Current economic conditions***

- 2.5 The West Midlands’ Economic Dashboard is attached as **Appendix 2**. Compiled by the Black Country Consortium, it summarises headline data covering business, labour markets, social and environmental issues in the West Midlands.

2.6 The West Midlands Regional Economic Development Institute (WM REDI), produces a bi-weekly Monitor<sup>1</sup> which pulls together information across regional partners and beyond – including relevant regional, national, and global activity. Highlights from the latest Monitor are:

- **2022 growth outlook:** KPMG forecast that the West Midlands is set to see the highest increase in GDP growth (7.8%), with the Commonwealth Games pinpointed as a point of difference from the rest of the UK.
- **Costs of goods and services is rising faster than average wages:** Growth in regular pay was 3.8% in late 2021, whilst inflation rose to 5.4% in December 2021, the highest rate in 30 years. This means pay is falling in real terms for most people which can constrain spending. Pressures on household finances will continue with the lifting of the energy cap in April and increases in national insurance.
- **Isolating workforce:** Data from the WMCA Growth Hubs suggest that mid-January saw between 7% and 25% of the West Midlands workforce were off sick or isolating. This has a bigger effect for industries and workers that cannot work remotely such as health and care, schools, hospitality, and retail. These sectors also report high vacancy rates and problems recruiting staff. A full labour market analysis is covered as part of the ‘Plan for Jobs’ at **item 9**.
- **Return to the workplace:** The Business Insights and Conditions Survey (BICS) suggests that 41% of West Midlands businesses have seen workers return to their normal place of work, with 23% expected to return within the next six months and 1.0% after 6 months. 8.5% of West Midlands businesses reported that they “*were not expecting the workforce to return to their normal place of work*”. Within this, many companies – particularly in-service industries - have reassessed their business model and invested in technology. There is one factor behind an increase (to around two-thirds of businesses in the West Midlands) reporting that their workforce requires extra support or training in advanced digital skills.
- **International trade:** For the year ending Q3 2021, the West Midlands region exported £26.1bn and imported £33.8bn, leading to a trade deficit of £7.7bn. This is a larger deficit compared to the year ending Q3 2020 (£4.3bn). The largest value export by sector was machinery and transport at £17.6bn (67%) and of which 60.7% (£10.7bn) were non-EU exports

### ***Direct insight from businesses and business groups***

2.7 As well as quantitative analysis, strong business engagement channels with large and small businesses and business representative groups provides invaluable ‘real-time’ insight. Chaired by the Mayor, the informal Economic Impact Group (EIG) was set up in response to the pandemic and continues to provide a barometer of current business issues and the effectiveness responses by Government, regional partners and businesses themselves. Recent issues highlighted include:

- **Trade frictions and import/export:** Chambers and businesses have highlighted the impact of increased shipping costs for UK businesses, affecting import and

<sup>1</sup> The latest and previous versions of the WMREDI Monitor can be accessed [here](#)

export and contributing to an inflationary cost base. As a result of the joint action, insights were escalated to the Departments for Business and International Trade. The Black Country Chamber of Commerce has also coordinated work with the Trade Remedies Authority after the reopening of the issue of steel quotas and tariffs to ensure the region's business base (predominantly users) is able to access a competitive supply.

- **Covid grants for Hospitality and Retail:** In response to the rapid spread of the Omicron variant, Plan B restrictions were introduced on 10 December 2021 which included work from home guidance, face masks in public indoor venues and the use of an NHS Covid Pass in some settings. The EIG heard evidence of hospitality venues having cancellation rates over 50% of bookings as well as reduced retail footfall. The actions were:
  - Pursuing grants for firms affected by Covid, confirming flexibilities (e.g. that firms could be eligible for more than one payment from the Additional Restrictions Grant), and publicising support announced by the Chancellor on 21 December. Chambers have also reflected positively about the approach taken by local authorities to provide targeted support to affected firms.
  - Clarifying workplace testing support, where officials confirmed that tests were prioritised for around 100,000 workers in critical sectors.
- **Regulatory divergence:** maintaining an awareness of the UK's direction on policy areas like data adequacy which affects businesses and their on-going ability to trade, or work, with European customers.
- **Business energy costs:** During 2021 business gas and electricity prices increased about 8-fold - with some more extreme spikes – and reached a level around twice that in France and Germany. As the West Midlands has a higher concentration of energy-intensive industries (contributing 15% of GVA compared to the national average of 11%), the Economic Impact Group brought together the three Local Enterprise Partnerships, the Chambers of Commerce and businesses themselves to summarise the challenge and identify practical options. This was used by the Mayor when he met the Secretary of State and provides the strategic context for interventions to support local green energy production and increase industrial energy efficiency, particularly during the period in which businesses will have hedged supply costs. This is the focus of work led by the Energy Capital Board in conjunction with the Environment and Energy Board.

- 2.8 The WMCA has also worked with business leaders to establish a new Regional Business Council, drawing together 22 chief executives of some of the largest and most strategically important firms in the region. The Council is not decision-making but acts as a confidential forum to connect business and the Mayor of the West Midlands to share commercial feedback on growth plans for the UK and West Midlands, and how business leaders can advocate for the West Midlands with investors and Government. The Council has identified four areas of focus and insight from these discussions will be used to shape regional priorities and programmes, decided on through democratic structures:
- a) Going faster on decarbonisation, including supply of green finance and the infrastructure required to support zero-carbon transport.
  - b) Strengthening the West Midlands brand to help region punch its weight nationally and globally

- c) Boosting the region's approach to innovation, including how business can apply the 'Open Innovation' model in the West Midlands and its impact on start-ups and high-growth firms.
- d) Tackling current and emerging skills shortages so everyone can access opportunities, particularly in those clusters with potential for additional growth.

2.9 By drawing together the latest economic conditions and issues raised by businesses in the West Midlands, the Economic Growth Board can use this intelligence to inform decisions and set priorities.

### **3. Financial Implications**

3.1 There are no financial implications arising from this report.

### **4. Legal Implications**

4.1 There are no legal implications arising from this report.

### **5. Equalities Implications**

5.1 There are no immediate equalities implications arising from this report.

### **6 Inclusive Growth Implications**

6.1 Presentation of up to date and current data on the state of the West Midlands economy, workforce and population will allow EGB to recommend and agree actions to address inclusive growth needs.

### **7 Geographical Area of Report's Implications**

7.1 The information within this report is for the 3 LEP area (covering all constituent and non-constituent authorities within that area).

### **8 Other implications**

8.1 None.

# Appendix 1



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CITY REDI

WM REDI

Black Country Consortium  
Economic Intelligence Unit

UKRI

Research England

OEF Model Funded by:

West Midlands Combined Authority

Midlands Connect  
Transport | Investment | Growth

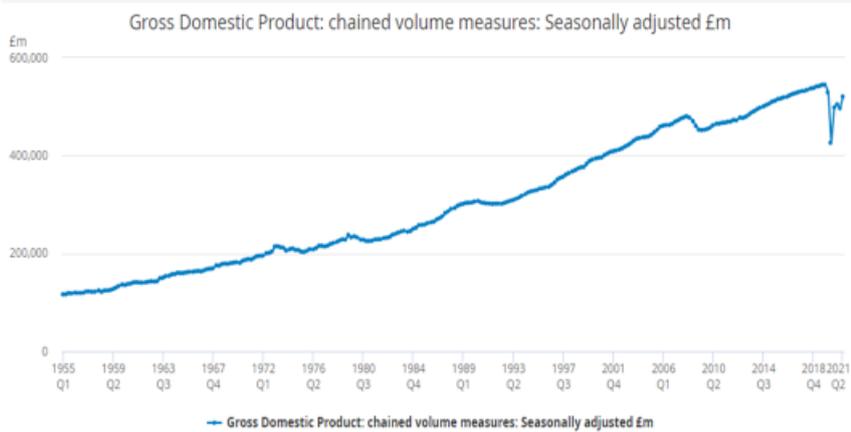
MIDLANDS ENGINE

OXFORD ECONOMICS

## WMCA Oxford Economics Forecasts

Analysis Provided by WMREDI/BCCIEU

## Context of UK growth since 1955




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CITY REDI

WM REDI

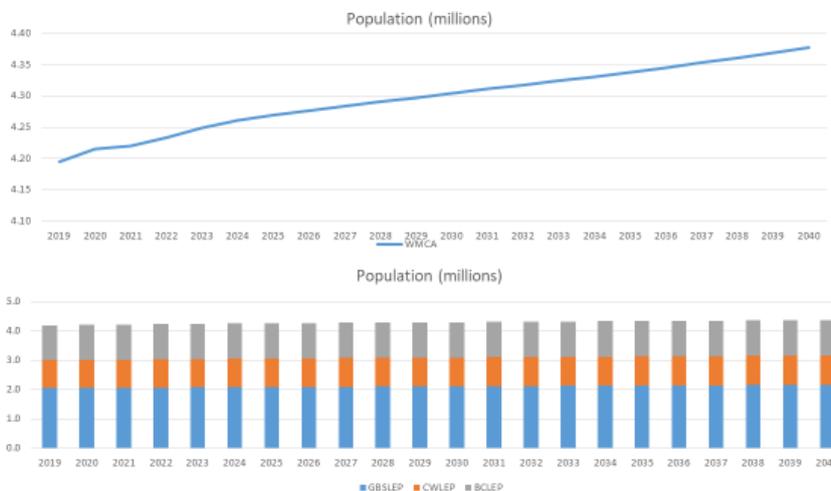
Black Country Consortium  
Economic Intelligence Unit

UKRI

Research England



## Population



- Total population across the WMCA was **4.2 million in 2020**.
- It is forecasted to **grow to 4.4 million by 2040**.
- This a projected growth of **182,000 people**, or a **4.36% growth in the population** compared to 4.5% nationally by 2040



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## Assumptions

- UK GVA growth of 7.4% in 2021, underpinned by:
  - Removal of lockdown restrictions
  - Continued fiscal support
  - Consumers spending some of their excess savings
  - Inflation remains contained
  - Sustained monetary policy support
  - Extra trade frictions due to Brexit
- Long-term growth underpinned by continued growth in the labour supply and the strength of certain UK service sectors
- Employment growth lead by:
  - Professional, scientific & technical activities
  - Human health & social work
  - Administrative & support services



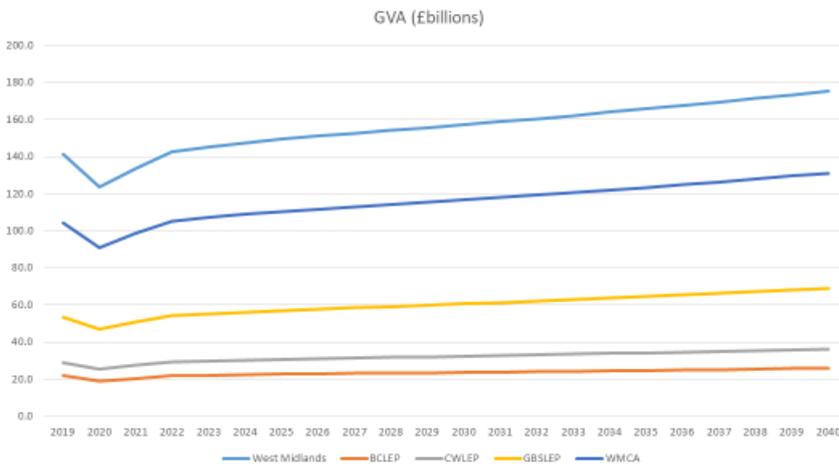
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# GVA



- Total GVA in 2019 for the WMCA was **£104 billion**
- The projected GVA in 2040 is **£131 billion- an additional £27 billion**
- This is an increase of 25.5%, with an **annual yearly growth rate of 1.16%**
- Below the **UK annual yearly growth rate at 1.35%**

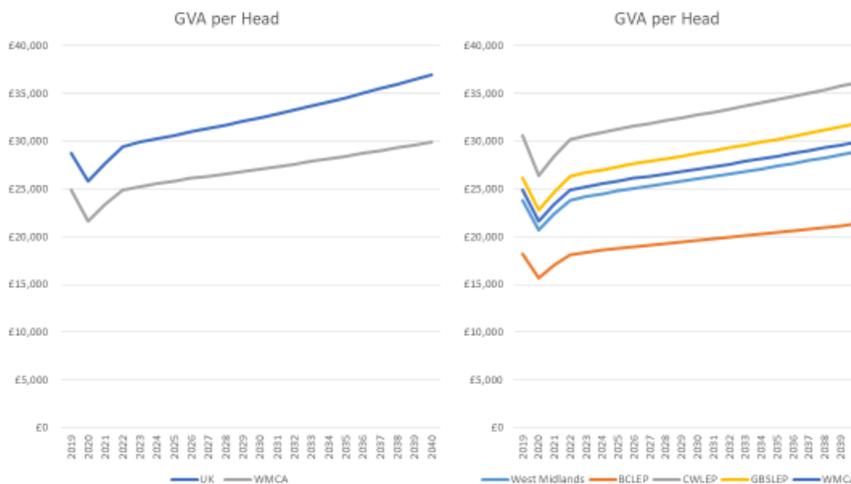


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# GVA per Head



- In 2019 GVA per head across the **WMCA was £24,895**, comparative to the UK average of £28,765.
- The baseline scenario forecasts the WMCA GVA per head to **grow to £29,939 by 2040**- an average annual yearly growth rate of 0.95%, compared to the UK at 1.15%
- CWLEP has the highest GVA in the WMCA area, however GBSLEP had the highest annual growth rate at 1.01%. BCLEP had the slowest growth at 0.8% annually



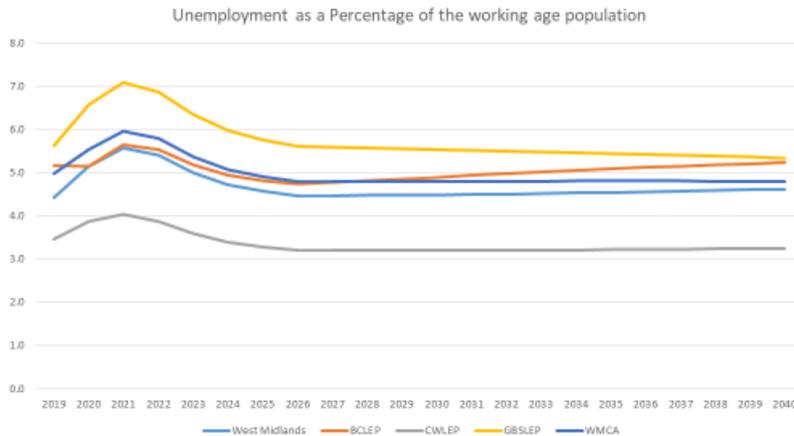
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## Unemployment



- The percentage of those unemployed as a percentage of the working age pop. was **5% in the WMCA**, compared to the UK at 3.8% in 2019.
- The Oxford model predicts that unemployment will decrease to **4.8% in the WMCA by 2040**
- Unemployment is set to decrease in WMCA, GBSLEP and CWLEP, but increase in BCLEP by 2040



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## Key issues

- The baseline takes a soft approach to brexit and covid impacts and assumes a return to trend by 2023
- Notable issues to consider
  - GVA and GVA per head continues to grow, but at a slower rate to the UK – gap gets wider
  - BC and its unemployment growth
  - General growth in construction, real estate, ICT, Health continues at UK level but WMCA not getting its share
  - WMCA doesn't outperform UK on any growth sectors
  - Manufacturing takes a huge employment hit over the next 10 years, as does water supply, agriculture and also financial services
  - Transport emissions are set to reduce, and industry emissions decline as manufacturing in the region declines, but household emissions are set to rise



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WMCA ECONOMIC GROWTH BOARD ECONOMIC DASHBOARD – JANUARY 2022

WMCA Economic Recovery 10 Point Plan	Indicator <sup>12</sup>	Pre - Pandemic <sup>3</sup>	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Trend	Latest Data Relative to UK & Peer Group	Commentary/ Context
People – Ensure our residents are kept safe and healthy Help people who lose their jobs get back into work quickly Page 25	Percentage of Registered Deaths that are COVID-19	0% (Feb 2020)	26.3%	39.6%	39.1%	14.6%	4.8%	1.4%	1.2%	2.9%	7.6%	9.5%	8.0%	8.5%	6.8%		England & Wales: 6.5%	Aggregated monthly analysis shows that the proportion of registered COVID-19 related deaths after a small rise in November 2021 (8.5%) decreased in December 2021 (to 6.8%). The latest available monthly change (since Nov 2021) shows the proportion of registered COVID-19 related deaths decreased at a faster rate than England & Wales rate (-1.7pp vs -1.5pp) but in December 2021 was still above England & Wales proportion (6.8% vs 6.5%).
	Youth Claimants (Aged 16-24)	22,835 (4.6% of 16 – 24 years old pop.) (Mar 2020)	41,955 (8.5% of 16 – 24 years old pop.)	40,915 (8.3% of 16 – 24 years old pop.)	42,345 (8.6% of 16 – 24 years old pop.)	42,735 (8.7% of 16 – 24 years old pop.)	42,010 (8.5% of 16 – 24 years old pop.)	39,690 (8.1% of 16 – 24 years old pop.)	37,435 (7.6% of 16 – 24 years old pop.)	36,865 (7.3% of 16 – 24 years old pop.)	34,385 (7.0% of 16 – 24 years old pop.)	32,510 (6.6% of 16 – 24 years old pop.)	30,780 (6.2% of 16 – 24 years old pop.)	29,310 (5.9% of 16 – 24 years old pop.)	27,955 (5.7% of 16 – 24 years old pop.)		WMCA – 2 <sup>nd</sup> Highest CA UK: 4.2% Tees Valley: 6.5% (1 <sup>st</sup> ) West of England: 2.4% (10 <sup>th</sup> )	There were 27,955 youth claimants in the WMCA area in December 2021, a decrease of 1,355 (-4.6%, UK -4.2%) from November 2021. Compared to March 2020 (pre-pandemic) the WMCA area have 5,120 (+22.4%, UK +24.1%) more youth claimants.
	Claimants (Aged 16+)	117,590 (3.5% of the pop. aged 16+) (Mar 2020)	208,570 (6.2% of the pop. aged 16+)	207,600 (6.2% of the pop. aged 16+)	215,070 (6.5% of the pop. aged 16+)	215,110 (6.5% of the pop. aged 16+)	211,610 (6.3% of the pop. aged 16+)	202,030 (6.1% of the pop. aged 16+)	192,680 (5.8% of the pop. aged 16+)	188,780 (5.6% of the pop. aged 16+)	183,310 (5.5% of the pop. aged 16+)	176,885 (5.3% of the pop. aged 16+)	171,445 (5.1% of the pop. aged 16+)	165,785 (4.9% of the pop. aged 16+)	163,000 (4.9% of the pop. aged 16+)		WMCA – Highest CA UK: 3.4% GMCA: 4.6% (2 <sup>nd</sup> ) West of England and C & P CA: 2.7% (Joint 9 <sup>th</sup> )	There were 163,000 claimants in the WMCA area in December 2021, a decrease of 2,785 (-1.7%, UK -1.8%) from November 2021. Compared to March 2020 (pre-pandemic) the WMCA area have 45,410 (+38.6%, UK +45.7%) more claimants.
	Business Activity Index	51.2 (Feb 2020)	54.2	41.5	51.1	60.7	65.9	65.5	64.0	58.3	55.2	56.3	56.9	54.3	50.7		WM – 3 <sup>rd</sup> Lowest Region UK: 53.6 London: 57.5 (1 <sup>st</sup> ) North East: 49.7 (12 <sup>th</sup> )	The West Midlands Business Activity Index decreased from 54.3 in November 2021 to 50.7 in December 2021. The index remains above the 50-growth mark. West Midlands firms reported that growth was restricted due to rising COVID-19 cases and the knock-on-effect of consumer confidence.
	Future Business Activity Index	72.3 (Feb 2020)	73.6	77.5	76.1	80.2	80.8	83.6	77.1	74.4	77.2	76.8	76.1	75.4	79.8		WM: 3 <sup>rd</sup> Highest Region Yorkshire & the Humber: 81.9 (1 <sup>st</sup> ) Northern Ireland: 59.4 (12 <sup>th</sup> )	The West Midlands Future Activity Index increased from 75.4 in November 2021 to 79.8 in December 2021. Firms were hopeful that COVID-19 and the associated restrictions would recede. Firms also reported marketing efforts and innovation would hopefully lead to output expanding in 2022.

<sup>1</sup> Indicators that are in hatched marked boxes represent regional level analysis. Unless otherwise stated all data relates to the WMCA 3 LEP Geography (BCLEP, CWLEP & GSBLEP) – the data by LEP level is also available. The peer group selected varies by indicator – regional is based on all the regions in the UK – showing a range from highest to lowest to understand how the West Midland compares. Where available the WMCA (3 LEP) has been used and compared to other Combined Authorities. The 10 Combined Authorities used: Cambridgeshire and Peterborough (C & P CA), Greater Manchester (GMCA), Liverpool City Region, North East, North of Tyne, Sheffield City Region (SCR), Tees Valley, West Midlands (3 LEP), West Yorkshire and West of England.

<sup>2</sup> Sources as seen down the dashboard: ONS, Number of provisional; weekly deaths involving coronavirus, January 2022, Department for Work and Pensions, Claimant count, January 2022, IHS Market/NatWest, PMI Survey, January 2022 (please note, the index is seasonally adjusted and measures the month-on-month change in the combined output of the region's manufacturing and service sectors) EMSI, January 2022, HMRC: Coronavirus Job Retention Scheme Statistics, December 2021, ONS, GDP -UK regions and Countries, November 2021, UK Regional Trade in Goods Statistics, January 2022.

<sup>3</sup> A pre-pandemic column has been included which will not be RAG rated as this is to show where we were before the impacts of COVID-19 were seen. However, across the dashboard RAG rating is based on change from each month (and not compared to March 2020), green shading illustrates indicators which have moved in a positive direction compared to the UK or England average. The red shading indicates the reverse and amber indicates a change in the right direction but less than the UK or national average (excluding the Business Activity Index and Future Business Activity Index indicators where the threshold mark is 50 for growth – figures below 50 are red, amber if it has decreased from the previous but remains above 50, green if improved from previous month).

WMCA ECONOMIC GROWTH BOARD ECONOMIC DASHBOARD – JANUARY 2022

WMCA Economic Recovery 10 Point Plan	Indicator <sup>12</sup>	Pre - Pandemic <sup>3</sup>	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	Trend	Latest Data Relative to UK & Peer Group	Commentary/ Context
<p>Cross Cutting –</p> <p>Make sure the recovery is inclusive and works for everyone</p> <p>Regain control of our own recovery</p> <p>Take the West Midlands out to the world and bring the world into the West Midlands</p>	Apprenticeship Vacancies	2,228 (Mar 2020)	1,696	1,722	1,810	2,382	2,287	2,610	2,468	2,760	2,851	2,872	2,797	2,727	2,576		<p>WMCA – Highest CA GMCA: 1,594 (2<sup>nd</sup>) Tees Valley: 335 (10<sup>th</sup>)</p>	<p>There were 2,576 apprenticeship vacancies in December 2021. This is a decrease of 151 apprenticeships vacancies since November 2021 but 880 higher than December 2020.</p>
	Unique Job Postings	143,394 (Mar 2020)	134,895	132,501	114,189	141,217	144,678	157,869	165,223	173,098	170,720	182,694	213,435	243,206	244,686		<p>WMCA – Highest CA GMCA: 192,379 (2<sup>nd</sup>) Tees Valley: 24,865 (10<sup>th</sup>)</p>	<p>There were 244,686 unique jobs postings in December 2021. This has increased by 1,480 since November 2021. When compared to December 2020, unique job postings increased by 109,791.</p>
	Total Number of Staff Furloughed	0	219,700 on 31 <sup>st</sup> Dec.	270,400 on 31 <sup>st</sup> Jan.	260,800 on 28 <sup>th</sup> Feb.	238,400 on 31 <sup>st</sup> Mar.	199,700 on 30 <sup>th</sup> Apr.	146,000 on 31 <sup>st</sup> May	121,700 on 30 <sup>th</sup> Jun	106,300 on 31 <sup>st</sup> Jul	92,100 on 31 <sup>st</sup> Aug	78,600 on 30 <sup>th</sup> Sep					<p>UK: 4.0%</p>	<p>Revised data shows that when the Coronavirus Job Retention Scheme came to an end, 78,600 workers were furloughed in the WMCA (3 LEP) area (as of 30<sup>th</sup> September 2021). This reflects a 4.6% take-up of eligible employments for the scheme.</p>
Quarterly Regional GDP	-0.5% (2019 Q4) -4.3% (2020 Q1)	-0.3% (2020 Q4)				-1.1% (2021 Q1)											<p>WM: 5<sup>th</sup> Region England -0.6% East of England: +0.5% (1<sup>st</sup>) East Midlands: -1.4% (9<sup>th</sup>)</p>	<p>Quarterly GDP analysis shows for the West Midlands region there was a contraction of 1.1% in 2021 Q1, while England overall decreased by 0.6%.</p> <p>For the West Midlands region, there was positive growth in GDP for nine sectors and contractions in eleven sectors in 2021 Q1.</p>
Quarterly Regional Exports <sup>4</sup>	£31.7bn (9.1% of UK) Full Year 2019 £31bn (9.2% of UK) Full Year to Q1 2020	24.6bn (8.5% of UK) Full Year 2020				£23.8bn (8.4% of UK) Full Year to: Q1 2021											<p>WM – 5<sup>th</sup> Highest Region South East: 13.0% (1<sup>st</sup>) Northern Ireland: 2.6% (12<sup>th</sup>)</p>	<p>In the year to Q3 2021, the West Midlands region's export value was worth £26.1bn, an increase of £611m (+2.4%) since the year ending Q3 2020. The UK increased by 3.4% to £305.1bn worth of exports in year ending Q3 2021.</p> <p>The West Midlands had a trade deficit of £7.7bn in the year ending Q3 2021.</p>

<sup>4</sup> Data is not comparable across table



## Economic Growth Board

<b>Date</b>	2 February 2022
<b>Report title</b>	West Midlands Plan for Growth
<b>Portfolio Lead</b>	Councillor Ian Brookfield Portfolio Lead for Economy and Innovation
<b>Accountable Chief Executive</b>	Laura Shoaf Chief Executive, WMCA
<b>Accountable Employee</b>	Julie Nugent Director of Productivity and Skills, WMCA
<b>Report has been considered by</b>	WMCA SLT LEP Chief Executives Local Authority Chief Executives WM Growth Company Chief Executive

### Recommendation(s) for action or decision:

The Economic Growth Board is recommended to:

- a) Endorse the approach in the West Midlands Plan for Growth (PfG) to catalyse additional growth in those clusters where the West Midlands has comparative advantage, there is market confidence, and a credible path for above-forecast growth in good jobs.
- b) Note that this only covers part of the region's economy, and there will be further work to do to support wider foundational sectors - like retail, administration and hospitality – to enable a more prosperous and inclusive economy.
- c) Agree that partners focus on delivering the six cross-cutting interventions identified, in order to remove barriers and maximise new opportunities for economic growth.
- d) Task officers with bringing forward recommendations to the Economic Growth Board that will prioritise interventions to deliver early wins from the opportunities set out in Plan for Growth.
- e) Agree to establish a task and finish group, chaired by Cllr Brookfield, to develop recommendations for aligning and streamlining economic development activity, across organisations. This will support effective interventions, deliver better value for money, and provide a clear regional response to the imminent Levelling-Up White Paper.

## 1. Purpose

- 1.1 After a period as the fastest-growing region outside London, the West Midlands has been hit hard by the economic impact of the Covid pandemic and new trade frictions with the EU. Modelling by Oxford Economics indicates that, without further intervention, the region will experience below-average growth over the next decade, with a negative impact on employment and earnings in key parts of the region.
- 1.2 Alongside regional partners, the WMCA commissioned a detailed analysis to set out the risks and opportunities for additional growth. Its purpose was to provide an independent assessment of where the West Midlands has comparative advantage, market confidence and a credible path for growth and job creation above forecasted levels.
- 1.3 This was overseen by a steering group of the Portfolio Lead for Economy and Innovation (Cllr Ian Brookfield), the LEP Chair of the previous SED Board (Tim Pile) and the Mayor (Andy Street). A summary of the analysis will be presented to the Economic Growth Board capturing the opportunity for the region to catalyse additional growth, in both output (+£3.9bn) and jobs (+60,000), and become the fastest growing region outside London, by 2030.

## 2. Background

- 2.1 EY will present the key findings and recommendations from the West Midlands Plan for Growth, which will include a twin-track approach to securing new economic growth:
  - i. Capitalise on **existing clusters of scale and strength** where the West Midlands has UK and global competitive advantage, clear market confidence, and credible opportunity for additional growth in high-value employment over the next 2-5 years. This is forecast to generate approximately £2.9 - £3.2bn additional output by 2030 and up to 44,800 additional jobs.
  - ii. **Supporting nascent clusters and emerging technologies** that might spur additional growth of around £900m over the next 5-10 years and up to 15,000 additional jobs.
- 2.2 The findings will be used to:
  - Inform and challenge where we prioritise resources already devolved to the region and, when necessary, seek further resources. This does not just relate to WMCA programmes, but those in LEPs, local authorities, WMGC, universities etc.
  - Inform the region's economic narrative about the next decade: without further action, there's a difficult challenge with strong economic headwinds but partners have come together with a proactive plan to support market-led growth.
- 2.3 It is important to note that Plan for Growth has deliberately focused on clusters with the necessary scale and depth of comparative advantage to drive additional growth in high-value jobs that will best benefit residents. However, these sectors currently only comprise about 12%-15% of employment in the region. Further work will be needed to identify how we can support wider sectors such as retail, administration and hospitality to create an

inclusive economy. The Plan also excludes those sectors where there is already relatively strong growth forecast, and therefore no credible path to driving significant further growth.

- 2.4 The analysis considered additional growth opportunities that can benefit the whole region. In line with the principle of the original WMCA Scheme, all communities will benefit, but not necessarily at the same time and in the same way. The pattern of clusters shows concentrations across Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, Wolverhampton, Cannock Chase, Tamworth, Stratford, Warwick, Nuneaton and Bedworth and Wyre Forest. Places can benefit in different ways, such as by being the location of business activity, home to workers, or the site of research and innovation assets. As the region applies the analysis to decision making, we will need to ensure that growth opportunities are accessible to all the region's communities.
- 2.5 The West Midlands Plan for Growth has been developed with input from partners. For example, WMGC, LEPs and local authorities shared details of their private sector investment leads to build a picture of market confidence in the West Midlands. Insight about barriers to growth for clusters was drawn from work led by LEPs, the WMGC and business-led groupings like the Midlands Aerospace Alliance and Create Central. There has also been testing with business, including at the Regional Business Council on 26 November and Economic Impact Group on 25 November.

#### *Identifying key growth opportunities for the West Midlands*

- 2.6 The analysis has identified eight primary clusters for the region. These are consistent with the Local Industrial Strategy and Business and Tourism Programme, and provide an additional, sharper focus on the barriers to growth and/or potential for new opportunities:

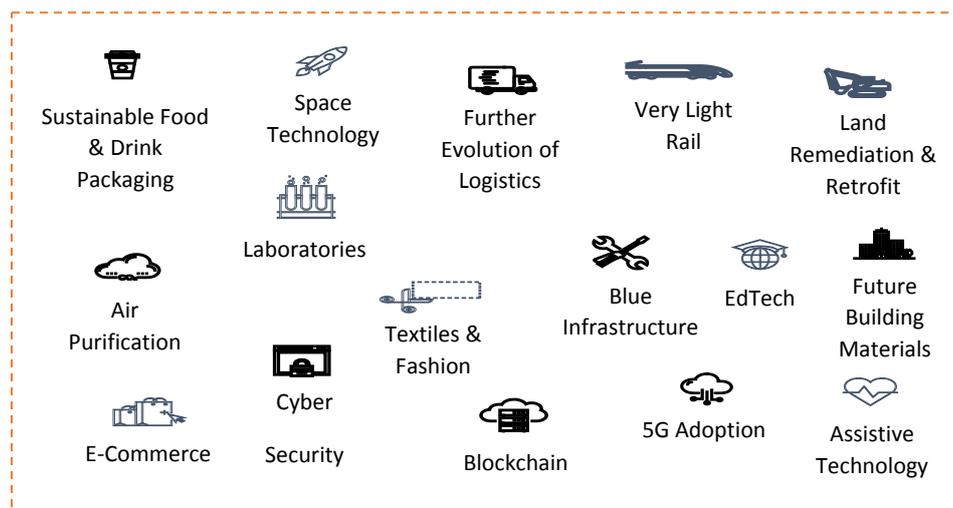


- 2.7 The Plan for Growth identifies six cross-cutting interventions which will address barriers to growth across multiple clusters, thereby maximising growth opportunities. They are:

<b>1. Develop future skills pathways</b>	Single pot intervention that brings together a specific view of required skills and provide funding linked to an attractive pathway for learners and links to employers and potential job opportunities once trained. Providers (e.g. FE colleges) would deliver for employees as well as individual learners.
<b>2. Target funding to anchor projects alongside private sector</b>	Competitive fund that works alongside the private sector on specific projects through rounds of available co-funding. A process allows WM to directly stimulate the specific projects according to a set of criteria aligned to the cluster priorities (but open to all firms)
<b>3. Land development fund</b>	Leveraging the UKIB, develop a patient capital fund to invest in land projects for industrial and commercial purposes (or mixed development) where land assembly and

	infrastructure is required and payback periods are long. Would also support physical hubs for clusters where this is relevant
<b>4. Location coordination</b>	A team that co-ordinates the myriad local and national incentives and funding available as well as helping firms negotiate local and planning issues of locating to the WM. If there is a desire to anchor a particular firm, e.g. a non-UK firm, help with funding at local and UK level, planning etc
<b>5. Infrastructure and transport fund</b>	Establish a WMCA controlled fund that has sufficient scale to invest in large local interventions (e.g. light rail or bus rapid transport) and also support specific infrastructure (e.g. junction improvements) aimed at unlocking land development for manufacturing and other sectors
<b>6. Early growth fund</b>	Work with British Business Bank and Business Growth Fund to set up an early growth fund with an emphasis on the clusters where this is critical, and ensure the fund has flexibility on instruments and the expertise to invest.

2.8 Drawing on business insight from LEPs and universities, the West Midlands Plan for Growth also identifies emerging clusters or technological strengths which can create new industries and sources of growth. Because of their relatively modest scale in the West Midlands, currently, the strategy is to provide fertile conditions for development across a relatively broad range of these nascent clusters to support longer-term exponential growth.



2.9 Significant growth by 2030 within these technologies and industries requires action now to give the time to grow and add up to £900m of additional output and new jobs. These are inherently riskier than the more established primary clusters with less of a distinctive West Midlands comparative advantage. The strategy here is to create the conditions for private sector-led investment and growth by acting on several dimensions of the business support system, which is subject to LEP-led work with partners across the region:

- **Ensuring access to funding and financing** – ensuring a supply of risk capital to help businesses scale operations, with potential benefits from risk-sharing.
- **Attracting and developing the necessary skills and resources** - developing the West Midlands' human capital to ensure demand for skilled workers is met using existing infrastructure and capability

- **Boosting the local supply chain to provide capacity as well as capability** – helping broker relationships and incentivising businesses to buy local to establish a local supply chain with the critical mass to improve competitiveness
- **Championing clusters and helping them mature** – helping foster networks and facilities for SMEs to collaborate and attract further workers and investors

### *Delivering new growth opportunities*

- 2.10 The analysis has indicated the scale of additional public investment required for the growth potential identified using a model of benefit-cost ratios for similar programmes. However, this does not reflect the full funding ‘ask’ for interventions to include expected funding. The key point about resources is that partners leading the six cross-cutting interventions for the primary clusters secure appropriate funding taking account of the scale of the opportunity and that these are targeted to unlock private sector investment and jobs. This is particularly important where decisions include trade-offs, for example about job numbers, job quality, location and the impact on decarbonisation.
- 2.11 The West Midlands Plan for Growth makes a powerful case about the need for strong alignment between partners to better meet businesses’ needs. This requires institutions and ways of working across public and private sectors that deliver in a more integrated way. The Portfolio Lead for the Economy has therefore commissioned an initial overview of current activity across key economic development functions and interventions. This is set out in **Appendix 1**. This also helps civic and business leaders to build a collective view about how the region will respond positively to the Levelling-Up White Paper.
- 2.12 The Economic Growth Board should lead a more cohesive approach to regional economic development, with greater streamlining and integration across public and private partners to boost productivity and inclusive growth. Initial discussions have already begun – for example, with LEPs, the WMGC and WMCA – to look at how the region might better align arrangements for economic development. **The Board is recommended to establish a new task and finish group, chaired by Cllr Brookfield and supported by the WMCA to develop recommendations for greater alignment across organisations. This will include any powers or resources covered in the imminent Levelling-Up White Paper.**
- 2.13 **In parallel, the Board is also asked to task officers with bringing forward recommendations, to prioritise interventions to deliver early wins on the primary clusters identified in the West Midlands Plan for Growth.**

### *Next steps*

- 2.14 Should the Economic Growth Board endorse the broad purpose and findings of the West Midlands Plan for Growth, this will be discussed with Overview & Scrutiny Committee and Young Combined Authority and recommended to the WMCA Board.

- 2.15 The task group will actively engage with Met Leaders, non-constituent authorities, LEP Boards, business groups, universities and Government officials. Recommendations will be made to the Economic Growth Board and other partners as appropriate.
- 2.16 The insight and findings from the West Midlands Plan for Growth will also be used to inform a consistent and compelling economic narrative for business and government. This has already been used for the draft Investment Prospectus and will be further applied to the WMCA and partners' products as appropriate.

### **3. Financial Implications**

- 3.1 There are no direct financial implications as a result of this report. The report focuses on the principle of aligning funded interventions – some of which are already resourced within the WMCA or partners and can be targeted differently. Other interventions, or needs to go further, will require additional resources, subject to the Levelling-Up White Paper. Decisions about those particular programmes will be made according to the funding channels, but the Economic Growth Board's role will be to understand their strategic alignment and impact on cluster growth.

### **4. Legal Implications**

- 4.1 There are no direct legal implications from this report.

### **5. Equalities Implications**

- 5.1 There are no equalities implications from this report.

### **6. Inclusive Growth Implications**

- 6.1 The report moves the region towards better aligned interventions. In doing so, it highlights where inclusive growth (and environmental) considerations can be more clearly considered as part of the related trade-offs to incentivise jobs and economic growth.

### **7. Geographical Area of Report's Implications**

- 7.1 The West Midlands Plan for Growth applies across the '3 LEP' area. Each of the eight clusters have different degrees of depth in different localities, with the current level of local job coverage ranging from 10% (in the Black Country) to 12% (in Greater Birmingham and Solihull and 15% in Coventry and Warwickshire. Cluster growth opportunities provides both an opportunity to create jobs in neighbouring areas, and for workers in neighbouring areas to access new jobs.

### **8. Schedule of Background Papers**

- 8.1 Consideration of 'West Midlands Plan for Growth' to SED Board: 28 October and 10 September.

## Appendix 1 – Summary of economic functions as they are currently delivered across the West Midlands

Functions and different elements	WMCA	LEPs and Growth Hubs	WMGC	Local Authorities	Universities and business groups
<i>Economic strategy, intelligence and business engagement / account management</i>					
<p><b>Economic Strategy:</b> To develop and implement a clear and coherent vision and plan to drive inclusive green economic growth. Needs to be:</p> <ul style="list-style-type: none"> <li>• <b>Agile</b>, capable of adapting to changing economic conditions.</li> <li>• <b>Owned</b> – have traction with investment and tangible activity</li> </ul> <p><b>Inclusive</b> – must benefit region's communities <b>Focused</b> – identifies clear priorities, and trade-offs, recognising other activity will continue as well.</p>	<p>WMCA has devolved mandate to lead regional economic strategy, working with and through local partners and democratically elected members.</p> <p>Economic Growth Board will make recommendations on strategy to wider WMCA Board.</p>	<p>Responsible for previous Strategic Economic Plans – underpinned decisions on Growth Funds.</p> <p>Articulate sub-regional priorities</p> <p>Sector growth plans</p> <p>Some work on business support policy (subject to LUWP and BEIS business support review).</p>	<p>Lead on some thematic plans – eg tourism and export.</p>	<p>Lead local economic/place strategies.</p> <p>Champion local priorities</p> <p>Responsible for ensuring regional strategies deliver for local places.</p>	<p>Midlands Engine</p>
<p><b>Economic Intelligence:</b> To provide insight and evidence for decision-making.</p>	<p>Office for Data Analytics</p> <p>Significant capability in TfWM</p>	<p>Black Country Consortium</p> <p>LEPs commission primary research on ad hoc needs</p>	<p>Research team</p>	<p>Some capacity, but varies across authorities</p>	<p>Midlands Engine</p> <p>Universities – eg WM-Redi</p> <p>Chambers and BROs have good survey data</p>
<p><b>Business engagement and key account management (KAM):</b></p> <p>Provide key account management of strategically important firms</p> <p>Engage with regional businesses</p>	<p>Convene business leadership groups (e.g. Regional Business Council, EIG, Create Central Board)</p> <p>Direct support on recruitment and training activities – larger organisations</p> <p>Commission WMGC</p>	<p>Convene sector leadership groups</p> <p>Engage businesses through Growth Hubs</p>	<p>Funded by DIT to manage a small number of key accounts</p> <p>Run key accounts with strategically</p>	<p>Run key accounts with locally significant businesses to understand and respond to priorities</p>	<p>Universities have strong links with key accounts.</p> <p>Chambers and BROs play vital role in being a representative voice of business</p>



			important businesses.			
<b>Maximising public and private investment</b>						
Page 4	<b>Securing investment – public:</b> To maximise public investment in the region	Investment Programme (gainshare, retained business rates)  Accountable Body and decision-maker about devolved funds (eg. Brownfield, CRSTS, Getting Building Fund, etc.)  Influence further HMG investment in regional infrastructure development (e.g. via NIC / National Infrastructure Strategy)	Local Growth Fund – new funding now ended  Use of Enterprise Zone receipts	Public sector relocations	Principal project promoters / developers  Major capital funders, including decisions on the business rates pools.  Accountable Body for Towns Fund, Levelling-Up Fund, Future High Streets Fund, Additional Restrictions Grant, Welcome Back Fund, etc.	Universities as major capital spenders (with UKRI funds)  Midlands Engine
	<b>Attracting investment – private:</b> To maximise private investment in the region, using agreed priorities to target incentives because of economic and place impacts	To commission and resource WMGC on behalf of local authorities	Used Local Growth Fund to lever private investment – new funding now ended	Lead Capital Attraction Strategy and relationship with DIT / Office for Investment  Proactive and reactive private sector FDI service  Deliver CWG Business and Tourism Programme	Local investment services, joining-up premises, planning, support packages, etc.	Midlands Engine relationship with DIT and Office for Investment  Universities – alumni networks and research capabilities
<b>Commissioning and delivery of business support services</b>						
<b>Business advice, signposting, and services</b>	Accountable Body for commissioning some business and employment programmes	Growth Hubs funded by Government to deliver diagnostic and signposting service.		Huge delivery role, but varies across LAs: • Planning	Private sector plays huge role – particularly banks, accountants	



<ul style="list-style-type: none"> <li>• And initial point of contact for SMEs looking to access wider business support and advice</li> <li>• Start-up / entrepreneurship support</li> </ul>	<p>from the Community Renewal Fund</p>	<p>Growth Hubs also deliver several time-limited programmes (related to ERDF, CRF, etc.). These generally cover advice with business planning, leadership and technical work like marketing, product development and diversification.</p>		<ul style="list-style-type: none"> <li>• Trading standards</li> <li>• Business location service &amp; landlord</li> <li>• Some business advice and grant programmes</li> </ul> <p>Funded through various sources, including locally and ESF/ERDF</p>	<p>BROs – Chambers, including networking, peer learning, advice</p> <p>BIDs, funded by local levies</p> <p>Central Govt Depts – Help to Grow, DIT international advisers</p>
<p><b>Support with relocation</b></p>	<p>Developer-facing support with land remediation, planning support and risk mitigation</p>		<p>Business-facing coordination with relocation and some signposting to other services</p>	<p>Support with relocation and some signposting to other services</p>	<p>Private sector land agents</p>
<p><b>Support with innovation</b></p>	<p>Deliver £3m WM Innovation Programme</p> <p>Accountable body for West Midlands Made Smarter</p>	<p>Local Growth Fund – new funding now ended</p>			<p>Universities – eg Knowledge Transfer Partnerships, ERDF / Horizon programmes</p> <p>UKRI</p>
<p><b>Other specialist/sector-based support</b></p>	<p>Accountable Body and deliver on creative and cultural industries, with some delivery, including Creative Scale-up, commissioning of Business and Tourism services</p>		<p>Deliver the CWG Business and Tourism Programme</p>		
<p><b>Recruitment and skills</b></p>	<p>Commissioning of all post-19 funding and delivery, excluding Higher Education</p> <p>Accountable body for Community Renewal Fund programmes</p>	<p>Some skills commissioning - through ESF funding</p> <p>Some skills capital commissioning – through Local Growth funds</p>		<p>Some skills delivery – adult education, ESF funding.</p>	<p>HE provision – institutionally-led</p>

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## Economic Growth Board

<b>Date</b>	2 February 2022
<b>Report title</b>	West Midlands Jobs Plan
<b>Portfolio Lead</b>	Councillor Ian Brookfield, Portfolio Lead for Economy and Innovation Councillor George Duggins, Portfolio Lead for Productivity and Skills
<b>Accountable Chief Executive</b>	Laura Shoaf Chief Executive, WMCA
<b>Accountable Employee</b>	Julie Nugent Director of Productivity and Skills, WMCA
<b>Report has been considered by</b>	West Midlands Combined Authority SLT Economic Impact Group Local Authority Regeneration Directors and LEPs

### Recommendation(s) for action or decision:

The Economic Growth Board is recommended to:

- a) Note progress against the West Midlands Jobs Plan and the target of 100,000 people into employment by 2023
- b) Note the potential for further localised training and employment interventions, enabling residents to access good jobs in growth areas
- c) Identify where further investment in skills provision could equip residents to access available jobs

### 1. Purpose

- 1.1 The West Midlands economy was hit hard by the pandemic, with significant job losses and large numbers of benefit claimants. At the peak of the first lockdown, one third (34%) of the eligible workforce was furloughed and in February 2021, the claimant count peaked at 232k people across the region. Those communities already experiencing high rates of unemployment were hit hardest, with BME groups, residents with low-skills, and young people particularly impacted.
- 1.2 The West Midlands Jobs Plan seeks to support the economic recovery of the West Midlands, post-pandemic, by boosting the number of work-ready residents and supporting them into quality jobs. The ambition is to ensure that we get 100,000 people back on the path to good-quality employment within two years. This involves:
  - supporting the creation of jobs through leveraging public/private investment;
  - connecting residents to good quality jobs with employers;
  - supporting residents with in-work progression.

## 2. Background

- 2.1 Prior to the pandemic, the West Midlands experienced unprecedented growth, exceeding the rest of the UK, with rising productivity, skills, and employment. However, the pandemic has hit the region hard, with a high number of workers furloughed to the end of the scheme, alongside significant job losses and large numbers of benefit claimants. At the peak of the first lockdown, one third (34%) of the eligible workforce was furloughed and in February 2021, the claimant count peaked at 232k people across the region.
- 2.2 Among our residents, young people and those from BME communities were hit hardest, particularly those with fewer qualifications, and those living in areas with already high levels of unemployment and deprivation. Existing inequalities within the region were exacerbated, resulting in higher levels of unemployment in inner city wards such as East Birmingham and higher youth unemployment in places such as Wolverhampton.
- 2.3 The regional economy is now showing positive signs of recovery: employment is increasing, the claimant count is falling, unemployment has returned to pre-pandemic levels and the WM has a record number of vacancies. However, significant challenges remain:
- employment remains below pre-pandemic levels (74.6% vs 75.3% in March 2020);
  - the claimant count is 43.5% higher than it was pre-pandemic;
  - wage increases are being outpaced by the rising cost of living;
  - many employers are now reporting significant labour and skills shortages;
  - parts of the region are recovering more slowly than others – with the risk that some people and places are left behind and unable to share in the benefits of recovery.

## 3. Jobs Plan

- 3.1 The Jobs Plan seeks to support the economy recovery of the West Midlands, by actively boosting the number of work-ready residents and supporting them into quality jobs. The ambition is to get 100,000 people into good-quality employment within two years.
- 3.2 Across the region as a whole, there are currently **60,772 more people in work (Aug-Oct21) than when this goal was set**. Further data will be published on 18 January, when sub-regional data will also be available – and monthly thereafter.



3.3 However, the challenge remains to ensure that more of our communities can access good employment opportunities. WMCA, Local Authorities and DWP are already working closely with employers to target training and employment initiatives that will help more residents access good employment by:

- supporting the creation of jobs through leveraging public/private investment;
- connecting residents to good quality jobs with employers;
- supporting residents with in-work progression.

#### Supporting the creation of jobs through leveraging public/private investment

3.4 Work is underway across LAs and WMCA to ensure that all public investment is leveraged to create good jobs for residents. This builds on existing good practice across many Local Authorities. We have worked with LA officers to map out planned and significant job creation, to ensure bespoke training and support is available to enable local residents to access these opportunities.

3.5 We have also initiated work with WMCA teams to ensure that investment – in infrastructure (transport/housing) and internal procurement – can also support the creation of good jobs for residents – for example, linking future housing funds to job creation targets.

3.6 Regionally, we are seeking to maximise the impact of large-scale investments including HS2, Commonwealth Games and Coventry City of Culture.

**HS2:** To date, we have trained 500 residents and supported them into HS2 related jobs.

We have established a West Midlands construction and rail training offer to meet the pipeline of jobs demand. This includes dedicated training facilities across the region, with a new facility at South and City College in East Birmingham.

We are working through the HS2 Enterprise Board, to better understand the planned jobs pipeline and ensure we are training residents in appropriate skills.

**Birmingham Commonwealth Games (CWG):** We have partnered with the Organising Committee (OC), Birmingham City Council and DWP to establish a Commonwealth Games Jobs and Skills Academy. The Academy will direct around £10m of funding – including AEB, ESF and National Lottery – to support residents in accessing a range of opportunities, including:

- Enabling 1,000 people in priority groups to access Games volunteering opportunities
- Supporting 6,000+ local residents with Games-related training related to roles in Construction, Logistics, Security, Catering, Cleaning and Waste
- Providing 1,500 local residents with higher level skills training, including high quality work experience in areas such as Event Services and Broadcasting

#### Connecting residents to good quality jobs with employers

3.7 In 2021/22, we have worked with local partners and employers to create a rapid response to address current skills and labour shortages by training unemployed people quickly, in the skills employers need now. We are investing £14m in training to meet areas of key labour shortage, including hospitality, logistics, construction and

finance – with delivery taking place across the region. **Appendix 1** sets out the detail of the training offers available, regionally, to help employers train and recruit staff.

### **Supporting residents with in-work progression**

- 3.8 We are concerned about the prevalence of low pay and in-work poverty across the region. We are committed to supporting more of our residents progress out of low-paid and/or poor-quality jobs. This includes developing progression pathways to higher level-learning e.g. from level 2 to level 3, and ensuring that training is more easily accessible, e.g. more part-time, evenings, intensive and online.
- 3.9 We are working with DWP to develop a new training offer for people in work and claiming Universal Credit – around a third of all claimants. This will include skills and training but also mentoring and coaching.

## **4. Financial Implications**

- 4.1 There are no direct financial commitments or funding requests from this paper, rather the paper notes where existing investment has been successfully utilised to meet the goals of the Jobs Plan and notes how future activity and investment could be similarly leveraged. It is noted that future activities of the Jobs Plan may be supported by both existing and new grant funding streams. The Jobs Plan is a key activity in supporting the delivery of the WMCA aims and objectives approved by WMCA Board in November 2021. Any future funds will align to the core priorities of WMCA ensuring that all future funding bids are optimised to meet the Aims and Objectives. Where specific activity is being directly funded by WMCA accountable body funds, this is referenced in the paper.

## **5. Legal Implications**

- 5.1 There are no immediate legal implications arising from this report. Individual projects arising from the jobs plan would receive bespoke legal advice from Legal Services.

## **6. Equalities Implications**

- 6.1 There are no immediate equalities implications arising from this report.

## **7. Inclusive Growth Implications**

- 7.1 Inclusive economic growth is at the heart of the Jobs Plan, with a commitment to ensuring that jobs and training opportunities are available across the West Midlands and can be accessed by both young people and adults, including those from some of the most deprived communities.

## **8. Geographical Area of Report's Implications**

- 8.1 The 100k target within the West Midlands Jobs Plan relates to the 3 LEP area. Devolved AEB funding can only be spent on residents with a WMCA postcode.

## **9. Other implications**

- 9.1 None.

## Appendix 1: Bespoke Training to Support Access to Jobs

**Construction and infrastructure:** The West Midlands Construction Gateway trains unemployed people in the skills needed to support major infrastructure projects. Individuals gain qualifications that are essential to work on any site, such as the Construction Skills Certification Scheme (CSCS), plant operator accreditation and sentinel card to work in rail settings. As part of the ‘greening’ of construction jobs, we are also piloting the delivery of retrofit training in heat pump installation, fenestration, solar, electrical testing and insulation.

Following a successful £6m pilot, we are now investing a further £5m per year in training to supports residents to move into first roles in construction. This investment will fund the skills development and the accreditation cards needed to become employed in groundworks, plant operations, dry lining, scaffolding etc.

**Digital and tech:** The West Midlands has the fastest growing digital sector outside London with significant and growing demand for skills and jobs. The region has led national pilots in new digital bootcamps providing intensive training in coding, AI, software development and data analytics. Employers – including BT, NHS, Sainsbury’s, KPMG and HSBC – have used this programme to train and recruit residents into local jobs.

Following an initial £8m pilot programme, we are now investing a further £7m per year to continue the expansion of bootcamps across the region.

**Health and Social Care:** We have worked collaboratively with a range of partners including the NHS, local authorities, colleges, universities, and key employers, to develop a new training offer for the health and care sector. This sets out the key pathways into jobs in the sector, from entry through to degree level, signposting to relevant training provision available in the region. It provides options for those looking for their first job or who want to retrain to start a new career in health or care, and for those already employed in the sector who are looking for promotion or a new job.

We are investing £7m per year from the Adult Education Budget, supporting 8,500 residents annually.

**Hospitality:** We have established a Hospitality Taskforce, chaired by Glynn Purnell, to address the issues currently faced by the sector. This includes promoting the industry and creating new training routes for unemployed, young people, and career changers.

**Drivers:** Working collaboratively with DWP, we have developed sector-based training (SWAP) routes for residents to secure employment in LGV/HGV and van driving occupations. This has been further supplemented by DfE’s national HGV Bootcamp training model. A new bus driver SWAP has recently launched with National Express to address shortages within the passenger transport sector.

**Advanced manufacturing:** Responding to emerging automotive battery technology, we have used flexibilities within the devolved Adult Education Budget to support training in electric vehicle maintenance across Birmingham and the Black Country. We are also working in collaboration with Colleges West Midlands to identify training pathways in the advanced manufacturing and engineering sector in areas such as electrification and automation.

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