



West Midlands
Combined Authority

Economic Growth Board

Date	6 March 2024
Report title	Further Education Innovation Fund
Portfolio Lead	Councillor George Duggins
Accountable Chief Executive	Laura Shoaf, Chief Executive, West Midlands Combined Authority Email: Laura.Shoaf@wmca.org.uk
Accountable Employee	Clare Hatton, Interim Director for Employment, Skills, Health and Communities, West Midlands Combined Authority Email: Clare.Hatton@wmca.org.uk
Report has been considered by	Directors of Economic Development 8th February 2024 LA Officers Group 14th February 2024

Recommendation(s) for action or decision:

Economic Growth Board is recommended to:

- (1) Note the update on the mobilisation of Innovate UK: Further Education Innovation Fund
- (2) Note the update on Local Skills Improvement Funding specific to employer engagement.
- (3) Note the update on the development of people and skills products within Business Growth West Midlands aligning investments with point 1 and point 2.

1. Purpose

- 1.1 The purpose of this report is to set out how we are aligning investments from Innovate UK: Further Education Innovation Fund, Local Skills Improvement Funding and the work of Business Growth West Midlands to support small medium sized enterprises access the support they need to support improved productivity and growth through people and skills.

2. Background

- 2.1 Innovate UK has £10m of grant funding to award to further education colleges in the UK for new pilot projects to strengthen their role in local innovation ecosystems through further education innovation funding (FEIF). The aim of the funding is to create innovation centres of excellence in further education colleges around the UK, recognising that colleges work with distinct groups of employers when compared to universities, and also recognising that further education colleges often exist in places where universities do not. As part of the Devolution Deal, Innovate UK has ringfenced **£2.5m for WMCA further education colleges**.
- 2.2 At the Economic Growth Board on the 22nd September 2023, we set out that projects are required to align and enhance the growth of the West Midlands through the Plan for Growth clusters. They should create centres of excellence within further education colleges and or groups of further education colleges, in order to:
- Address skills gaps for innovative businesses
 - Transfer knowledge to enable technology adoption.
 - Increase access and utilisation of technical equipment and facilities for businesses.
- 2.3 The Secretary of State signed of the Local Skills Improvement Plan (LSIP) for the WMCA and Warwickshire in August 2023 prepared by the employer representative body (ERB). To support the response to the **LSIP across colleges and providers DFE are making £10.4m** available through Local Skills Improvement Funding (LSIF).
- 2.4 In the LSIP it was reported that employers have a challenge in understanding what they 'need' to address workforce challenges, and **employers had limited understanding in the skills offer currently available and how to access**. At the Economic Growth Board 12th July 2023, we set out that Solihull College & University Centre would submit an expression of interest (EOI) to be lead provider in this LSIP region overseeing six projects, of which one is focused on supporting employer engagement (*supports understanding skills needs and navigation of skills system*)
- 2.5 As part of the development of products within the Business Growth West Midlands (BGWM) offer, we have undertaken a piece of work to identify the role of colleges and independent training providers in offering **people and skills** products within BGWM leveraged through devolved adult skills funding and apprenticeship levy transfer.
- 2.6 The investments set out above provide a significant opportunity for the region to improve the accessibility of people and skills offers for employers through aligning investments, leading to improved productivity and supporting wider economic growth opportunities such as plan for growth.

3. The need to align investments to support employer engagement.

- 3.1 A skilled workforce, across the breadth of our economy, is pivotal if we are to deliver economic growth and improve productivity in our region. As part of new employment and skills strategy, **we are committed to forging stronger links between the skills ecosystem and businesses**, so that our residents acquire relevant, in-demand skills that supports progression into good jobs. At the same time, businesses will have access to a world-class skills system to help develop their existing workforce and provide a vital pipeline to future talent.
- 3.2 As an enabler to forge links between the skills system and small medium sized businesses (SMEs), we have convened activity across three pillars of work covering Innovate UK FEIF, LSIF and the development of blueprint of a **people and skills offer within BGWM**. This will avoid duplication in the investment of funds for employer facing activity and maximise opportunities for those businesses to access the training they need to support their growth ambitions. In addition, to support large employers we are working with the West Midlands Growth Company (WMGC) providing subject matter expertise on people and skills supporting inward investment opportunities, and its new strategic relationship management approach with large employers located in the region.

4. Innovate UK: Further Education Innovation Fund Mobilisation

- 4.1 Following successfully negotiating a £2.5m ring-fenced share of the national £10m fund pot, WMCA worked with Colleges West Midlands and all colleges in the WMCA area to generate consortia-based bids. Non-WMCA area colleges were also invited to be involved in any projects that were led by WMCA area colleges, but they could not lead an application to promote geographical coherence of consortia.
- 4.2 Following Innovate UK assessments of bids these were assured by WMCA officers and the ERB for the LSIP (Corin Crane) so bids **had a 'strategic fit' for the region e.g Plan for Growth and LSIP**. The following three bids will be funded subject to completing due diligence checks with Innovate UK and formally commence delivery from **1st April 2024**:

Area	Focus areas	Partners	Funding	Outputs
Coventry & Warwickshire	Net zero – engineering, construction, transport & logistics, digital	<ul style="list-style-type: none">Coventry College (lead)Warwickshire CollegeNorth Warwickshire & South Leicestershire CollegeSolihull College Stratford campus	£691k	60 SMEs

The Black Country	Advanced manufacturing – robotics, additive manufacturing, CAD, retrofit, materials, cyber security, AI	<ul style="list-style-type: none"> • Walsall College (lead) • Dudley College • City of Wolverhampton College • Halesowen College • South Staffordshire College 	£795k	100 SMEs
Greater Birmingham	Advanced manufacturing and health innovation - Engineering, construction, dental, business services/b2b services	<ul style="list-style-type: none"> • BMET • University College Birmingham • South & City College Birmingham • Fircroft College • Solihull College • Heart of Worcestershire College 	£997k	60 SMEs

- 4.3 Each of the college leads have taken a similar approach in the delivery of the service through an ‘**innovation centre**’ approach with subject matter expertise to support business engagement.
- 4.4 To support mobilisation, the WMCA has convened conversations which each of the lead colleges and encouraged that they work with local authorities on opportunities to align activity e.g. local grant support through their local innovation centres. In addition, and to further develop the projects, the WMCA is convening discussions with regional universities and Business Growth West Midlands, to socialise the innovation centres approach and encourage cross-referral activity to support SME engagement. We have also agreed to play an ongoing light-touch assurance role of projects, sitting in on monitoring meetings and providing periodic updates to Directors of Economic Development and the WMCA Economic Growth Board.
- 4.5 All colleges are aware of the time-limited nature of this funding (12 months). It is hoped that subject to generation of successful evidence, the pilot will be mainstreamed by Innovate UK from 2025 onwards. In parallel WMCA is committed to considering how further education innovation centres can be sustained through Shared Prosperity Funds, devolved skills funding, and/or the local growth pillar of the Single Settlement. Until follow-on funding is confirmed this will remain a risk that will be actively managed by **WMCA officers in consultation with directors of economic development**.
- 4.6 Innovate UK expect to formally announce all successful projects in Mid-February 2024. Projects will be formally launched in the region at an Innovate UK local event on **12 March 2024 at the Black Country Innovative Manufacturing Organisation (BCIMO)**. The event is for businesses in the region to learn more about Innovate UK support. Local authority business support advisors have also been invited to be involved in this event.

5. Local Skills Improvement Funding (LSIF) – Support Employer Engagement

- 5.1 The LSIF report for the region shed a light on the lack of awareness regarding FE colleges' offerings and skills provision. **Firms interviewed were unaware that FE colleges provide in-work training and adult courses to reskill employees as well as sourcing talent.** Moreover, those who were aware often believed these courses to be expensive and insufficient in terms of proficiency level. This feedback has helped the colleges developed a project to address these misconceptions and better serve our local employers leading to improved productivity and growth.
- 5.2 The LSIF project to support employer engagement will attract £806k of DFE LSIF funding and with aims to create a trusted brand for the skills provision providing a shared identity for collaborative engagement, developing a network of signposting local offers that can act regionally but is accessed locally **through a standardised approach** and working collaboratively through an operating model in partnership with the ERB and WMCA.
- 5.3 To support these aims there are five specific workstreams to enhance engagement with employers including deeper dives into employer need and routes to engagement which will then be mapped against existing operating and delivery models to identify areas of improvement, consistent approaches to engagement e.g. **diagnostics and training needs analysis with the ERB and WMCA** and access channels such as brand and website.
- 5.4 To support the mobilisation of this project, both the ERB and WMCA are members of this project group and the colleges are accountable to responding to the LSIF findings as part of the DFE accountability agreement. From a WMCA perspective, we are seeking sustainability in the **ways of working leading to People and Skills product offer within BGWM to support SMEs.**

6. Business Growth West Midlands: People and Skills

- 6.1 Recognising the opportunity that **BGWM can provide as an enabler to forge links between the skills system and SMEs** through its hub and spoke model with local authorities, we have developed a blueprint to leverage the opportunities that colleges, Institutes of Technology (IOTs) and independent training providers can support productivity and growth in SMEs through talent acquisition and workforce development. The blueprint aligns other investments including Innovate UK FEIF and LSIF set out earlier to support business engagement in skills offers and thereby enhancing the SME accessibility people and skills.
- 6.2 In mobilising the blueprint we will make available a People and Skills product range delivered **by our provider base through our devolved skills funding and apprenticeship levy transfer** covering areas such as leadership and management, bootcamps and connecting young people to good

apprenticeships through our Path2 programmes to support SMEs in securing future talent through BGWM.

- 6.3 In connecting the People and Skills products with **SME's, business advisers (LAs) and providers** we will establish a connecting team within the hub of BGWM to provide subject matter expertise and support the employer's journey. To unlock this opportunity, we will re-deploy projected WMCA underspend to support the connecting team approach.
- 6.4 As a business support project, we also plan to pilot a small project in partnership with the 5% Club. The 5% Club have identified that businesses, especially SMEs, find it a challenge to recruit, train and retain young people. The 5% club model convenes SMEs into cohort groups to compare and benchmark their skills development approach with each other and wider employers. This work then progresses to action planning identified areas of improvement and follow up through peer learning and knowledge sharing. The outcome we seek from this work is that SMEs have the confidence to **recruit a young person through a mechanism such as apprenticeship and/or bootcamp**.
- 6.5 To support the mobilisation of the People and Skills product range including the 5% Club project supporting SMEs we anticipate that LA's will want to play an active role in this work given the key role they hold locally, and we would very much welcome the support that **LA's business engagement teams can provide in engaging SME's** on the ground to support the implementation of the People and Skills product range to support businesses.

7. Next steps

- 7.1 As set out above, there is a significant amount of activity taking place to enhance engagement with SMEs specific to people, skills and innovation. To ensure that we maximise this opportunity the WMCA will play a central convening role working with all partners to ensure strategies align to key areas of focus of the region such Plan for Growth, improved productivity for SMEs and supporting inclusive growth opportunities for all our residents. We will achieve this through:
- Using our central convening role to align investments and ensure they have strategic fit with PFG and the regions adults skills ambitions.
 - Share developments with key stakeholders including Directors of Economic Development, LA Skills Officer group and WMGC on the development of SME People and Skills products.
 - LA collaboration (business engagement teams) in the people and skills products
 - Use our devolved skills funding to standardise offers from a regional perspective but delivered locally to support SME engagement.

8. Strategic Aims and Objectives

- 8.1 The aims and objectives set out in this paper align with the strategic intents set out in the WMCA Employment and Skills Strategy 2024-2027, [West Midlands Plan for Growth](#).

9. Financial Implications

- 9.1 There are no direct funding implications from this paper, as WMCA will only be providing support from existing budgets and resource for the FEIF, LSIF and BGWM programmes, where WMCA are the accountable body.
- 9.2 It is not expected to impact on existing adult education provision from WMCA to further education colleges, as this will be distinctly different provision.
- 9.3 Should any future financial implications arise; they will be resolved through the WMCA governance routes and demonstrate value for money.

10. Legal Implications

- 10.1 There are no direct legal implications arising from the recommendations of this report. This report exclusively sets out the parameters of the funding opportunity and does not constitute “Authority to Contract” or approval to expend WMCA funds.
- 10.2 No presumption is made in relation to the success of respective applications under the projects herein proposed. Accordingly, it is anticipated that any correlating commercial relationships formed will be ratified by the appropriate form(s) of contract.
- 10.2 It is strongly recommended that no assurances that commit WMCA’s reputation and financial resources are given to participating colleges/ businesses in advance of fully executed contracts.

11. Equalities Implications

- 11.1 There are no direct equalities implications. However, given the focus of the activities set out it will enable employers to access the skills system through a people and skills offer. This provides the opportunity for employers to widen access to their jobs through programmes such as Path2Apprenticeship and Skills Bootcamps which are targeted at under-represented groups.

12. Inclusive Growth Implications

- 12.1 The ambition outlined in this paper align closely with, and support, our inclusive growth agenda given the focus to better connect employers into the skills system to support recruitment of the future workforce and developing skills and attainment of existing working, particularly in relation to the following metrics:

- Education and learning: raising educational attainment of young people and reducing the number of young people not in education, employment or training. Working aged population with Level 4 qualifications and above.
- Inclusive economy: Youth claimant rates as a % proportion of 16-24-year-olds in the WMCA area. Proportion of employee jobs below Living Wage in the region

13. Media

13.1 Not applicable.

14. Geographical Area of Report's Implications

14.1 The proposed priority actions are focused on the 7 Met area, Warwickshire will come into scope specific to the Innovate UK and LSIF.

15. Other Implications

15.1 None.

16. Schedule of Background Papers

16.1 The following documents are relevant to this paper:

- Further Education Innovation Fund 22nd September 2023
- Local Skills Improvement Plan Update 12th July 2023