



WMCA Board

Date	22 June 2018
Report title	Productivity & Skills Commission and Regional Skills Plan
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Report has been considered by	WMCA Programme Board - 8 June 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note the final report and recommendations from the Productivity and Skills Commission.
- (2) Approve the Regional Skills Plan.
- (3) Approve new governance arrangements for overseeing delivery of the Regional Skills Plan.

1.0 Purpose

- 1.1 To present the Regional Skills Plan for approval, noting this has been informed by the evidence of the Productivity and Skills Commission.
- 1.2 To present the final report and recommendations from the Productivity & Skills Commission.

2.0 Background

2.1 West Midlands Productivity and Skills Commission

The West Midlands Productivity and Skills Commission was set up to identify the skills and productivity challenges in the region; identify the causes of low productivity and skills; and make practical recommendations to address these.

- 2.2 The Commission, chaired by Dr Andy Palmer, Chief Executive & President of Aston Martin Lagonda has brought together leading academics and business representatives to support and sense check the analysis and identify actions required to tackle the challenges identified.

- 2.3 Over the last 12 months, the Commission's work has been given additional impetus with the publication of the Government's Industrial Strategy White Paper in November 2017. Following a Call for Evidence, the Commission's work quickly progressed to include in-depth analyses of the 'Five Foundations of Productivity' as outlined in the White Paper.

- 2.4 The Commission has also undertaken 'Deep Dives' into three of the region's transformational sectors: Business, Professional & Financial Services (BPFS), Building & Construction Technologies, and Automotive. These sectors were chosen based on data demonstrating a high productivity gap (BPFS) or high skill need (Building & Construction Technologies, and Automotive). These deep dives, led by private sector leads from the Commission's Productivity Leadership Group, involve detailed analysis of existing data, and systematic consultation with a range of regional sector stakeholders (well over 120 companies). Further sectoral deep dives building on the approaches taken will be carried out through the development of the West Midlands Local Industrial Strategy.

- 2.5 This work has provided an invaluable evidence base for the development of the West Midlands' Regional Skills Plan (RSP) and Local Industrial Strategy. An Executive Summary of the Productivity and Skills Commission report is included at Appendix A and a link to the full report and other detailed reports of the Commission can be found under section 8.

- 2.6 The Commission's key recommendations, which will be taken forward by the WMCA, are to:

- a) Develop a more holistic approach to measuring the performance of the economy and the impact of interventions. We recommend a 'systems approach' to outcome mapping and the adoption of a basket of indicators relating to productivity and skills that recognise both the complexity of causality and the limitations of data.
 - b) Establish sector partnerships and a sector-based approach to improving productivity and skills, building on the approaches prototyped by the Commission as a template to take forward through the West Midlands Industrial Strategy.
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- c) Explore the opportunity to set up a West Midlands Productivity Taskforce that will enable companies from different sectors to learn from each other, adopting an approach inspired by the 'Kaizen' model of continuous improvement.
- d) Establish a regional governance structure with the place-based leadership and buy-in necessary both at local and national level, to oversee the delivery of the Regional Skills Plan, drive collaboration and maximise the region's collective investment in skills.
- e) Support the development and delivery of both academic and technical pathways through formal education and into employment, ensuring that the pathways both exist and are understood and that people can continue to develop their skills when in work. This should include the exploration of mechanisms to bring together public, private and personal investment in skills and maximising the region's share of the apprenticeship levy.

2.7 The Productivity and Skills Commission has also been instrumental in providing a key part of the evidence base for the development of the region's Local Industrial Strategy. Appendix B details how the reports produced by the Commission underpin and will be taken forward through both the Local Industrial Strategy and Regional Skills Plan.

West Midlands Regional Skills Plan

2.8 The Regional Skills Plan (Appendix C) builds on the WMCA's Strategic Economic Plan, setting out priorities, for the next three years, to support delivery against this ambition. The plan also takes forward delivery of the freedoms, flexibilities and pilots agreed in the two West Midlands devolution deals.

2.9 The plan is deliberately focused on actions – what the WMCA and key stakeholders can and will do to improve the regional skills base. It has been developed in parallel with the Local Industrial Strategy and will serve as the 'People' element to this.

2.10 The Regional Skills Plan (RSP) puts skills at the heart of our drive for improving productivity and securing inclusive growth with the following aims:

- a) More people in employment
- b) More people in higher skilled jobs
- c) More skilled employees to support business growth and productivity
- d) All communities benefit from the region's economic growth
- e) An agile and responsive skills system that is more aligned to the needs of business and individuals.

2.11 The Regional Skills Plan also fulfils a key role in commissioning the future delivery of the Adult Education Budget (AEB). This will transfer to the WMCA from 2019/20, however, for 2018/9, the region's colleges and adult and community learning providers will set out how they intend to respond to key local and regional priorities, including:

- a) Addressing high youth unemployment and low skills with an increased focus in priority wards to be agreed with local authorities
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b) Increasing the volume and level of skills provision in priority sectors.

2.12 The development of the RSP has been built from the evidence base produced by the Commission and further complemented by extensive engagement with key stakeholders and stakeholder groups, as outlined in Appendix D. This has included detailed discussions with Local Authorities, Local Enterprise Partnerships (LEPs) and education and training providers. The plan has also been shaped by discussion at the Strategic Economic Plan (SEP) Board, the Mayor's Business Advisory Group, the Employment & Skills Local Authority and LEP officer group and Programme Board with feedback reflected within the plan. Key businesses and business representatives have also been involved and endorse our plan to improve regional skills.

3.0 Key Issues

3.1 The Regional Skills Plan summarises the key priorities for delivering a step change in the region's skills base as follows:

a) Prepare our young people for future life and work

- i. Create a West Midlands Career Learning Hub to support, develop and co-ordinate an all age careers offer.
- ii. Improve the focus and impact of careers education and advice to young people.
- iii. Inspire more young people and encourage them to access new regional opportunities, including those created through Coventry's City of Culture and Birmingham's hosting of the Commonwealth Games.
- iv. Work closely with Department for Education (DfE) and its agencies, including Ofsted, to highlight regional issues and opportunities.
- v. Celebrate and promote our most powerful role models - our young talent across the region.

b) Create regional networks of specialist, technical education and training to drive up skills and productivity and underpin economic growth

- i. Support the introduction of new Technical Level routes and work experience openings to improve the work-readiness of young people.
- ii. Create employer-led taskforces, for each of our priority sectors, to drive curriculum and skills provision that meets employers' needs.
- iii. Develop an investment plan to build teaching capacity and access to industry standard teaching equipment and facilities, across the region.
- iv. Pioneer skills solutions that support the ambitions of our emerging Local Industrial Strategy.
- v. Establish the West Midlands as the place to grow digital talent.

c) Accelerate the take-up of good quality Apprenticeships, across the region - double the number of apprenticeships by 2030

- i. Maximise Levy investment for the West Midlands.
 - ii. Lead a regional campaign to promote the benefits of Apprenticeships – to employers, young people, employees and key stakeholders.
 - iii. Support more young people to access pre-Apprenticeship provision and to progress into high quality Apprenticeships.
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- d) Deliver inclusive growth by giving more people the skills to get and sustain good jobs and careers**
- i. Deliver our £4.7m Employment Support Pilot to support those out of work and on low incomes in targeted communities.
 - ii. Establish an employment support framework for the region to improve the co-ordination, commissioning, delivery and impact of all programmes to support the unemployed – including how we shape and inform the future UK Shared Prosperity Fund.
 - iii. Improve the range and impact of the career planning advice that unemployed and low-paid adults can access.
 - iv. Target skills provision to address areas of high need with a particular focus on youth unemployment.
 - v. Improve our focus on upskilling low paid and low skilled residents, to improve their long-term career and income prospects.
 - vi. Ensure that regional economic growth translates to new and accessible opportunities for our residents.
 - vii. Provide a new employment support service for people with a mental health and/or physical health condition in primary and community care through the Thrive into Work project.
 - viii. Support the effective delivery of the Work and Health Programme in the WMCA area working with Jobcentre Plus and DWP and taking an active role in the performance management of the contract
- e) Strengthen collaboration between partners to support achieving more collectively**
- i. Promote the concept of a skills ecosystem for the region which recognises the interdependence of schools, FE, HE, Adult and Community Learning and private and voluntary training providers and facilitates stronger collaboration, with employers, to address regional skills needs.
 - ii. Support our Local Authorities in their work to improve school performance and young people's attainment.
 - iii. Re-design the way we do partnerships – placing residents and businesses at the centre of our skills training offer with clearer progression and integrated training offers
 - iv. Encourage the development of integrated region wide approaches wherever possible so we can develop joint funding bids, shared infrastructure and sharing of good practice.

3.2 The RSP will be delivered and developed in an agile and responsive way, responding to new opportunities and challenges as they arise. It provides a focus for our activity at a regional level whilst recognising that local areas may have additional priorities requiring a more localised approach.

4.0 Next Steps

4.1 Following approval of the Regional Skills Plan, WMCA will submit the plan to the Department for Education (DfE), and share with the Department for Work & Pensions (DWP) and the Department for Culture, Media and Sport (DCMS), with the endorsement of key stakeholders. This will set out the region's ambition to improve skills and provide the framework for discussions about future funding, including the use of the UK Shared Prosperity Fund.

4.2 The publication of the RSP signals a clear move from strategy to delivery phase for the Combined Authority skills agenda, ensuring that we create a skills ecosystem that supports lifelong learning from early years to retirement and beyond, enabling residents to live well and work well. As the WMCA moves from strategy to delivery, it is important we establish new governance arrangements to oversee this activity. The proposal is for the establishment of a new Skills Board, to be chaired by the lead portfolio holder, and supported by an officer group comprised of Local Authority and LEP skills and education leads. The Skills Board will report in to the Combined Authority Board and will be comprised of representatives drawn from key stakeholders including: Local Authorities, LEPs, employers, FE, HE, TUC, DfE and DWP/Jobcentre Plus. The Board will be supported by the Director of Skills and Productivity.

5.0 Legal implications

There are no direct legal implications to this report.

6.0 Financial implications

There are no direct budgetary requests arising from this. We will continue to press government for further funding and flexibility to better enable us to deliver on these priorities.

7.0 Equalities implications

The actions outlined in the RSP are reflected in the WMCA Equalities Scheme.

8.0 Other implications

N/A

9.0 Schedule of background papers

Appendix A: Report of the Productivity & Skills Commission – Executive Summary

Appendix B: Productivity & Skills Commission Output and Next Steps

Appendix C: Regional Skills Plan

Appendix D: List of Consultees

Reports of the Productivity & Skills Commission

These can be found on <https://tinyurl.com/yadwn4yx> or by visiting <https://www.wmca.org.uk/what-we-do/productivity-skills-commission/>

Foundations of Productivity Reports

- *Infrastructure*, Prof. Jun Du, Aston University
- *Business environment in the WMCA region*, Prof. Mark Hart, Aston University
- *Business innovation, diffusion and productivity in the West Midlands*, Prof. Stephen Roper, Warwick Business School
- *Skills*, Prof. Anne Green, University of Birmingham
- *Inward investment and productivity across sectors within the WMCA*, Prof. Nigel Driffield, Warwick Business School

Other Papers

- *Measuring Success – review of indicators and recommendations*, Rebecca Riley, City REDi (University of Birmingham)

Sector-led Reports

- *An Investigation into the Foundations of Productivity for Business, Professional and Financial Services in the WMCA area*, BPS Birmingham, City Redi (University of Birmingham) and Black Country Consortium
 - *Construction Skills Gap Analysis for the West Midlands Combined Authority Area (CITB)*
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