



WMCA Board

Date	11 January 2019
Report title	West Midlands Local Industrial Strategy
Portfolio Lead	Economic Growth - Councillor Ian Ward
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7200
Accountable Employee	Patrick White, Director of Industrial Strategy email: patrick.white@wmca.org.uk tel: (0121) 214 7940 Julia Goldsworthy, Director of Strategy email: julia.goldsworthy@wmca.org.uk tel: (0121) 214 7941
Report and content has been considered by	Programme Board - 21 December 2018 Strategic Economic Development Board - 10 December 2018 Innovation Board - ongoing input

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Endorse the draft Local Industrial Strategy for further discussion and agreement with Government and to delegate to the Strategic Economic Development Board, in consultation with the Portfolio Lead for Economic Growth, the Mayor and the WMCA Chief Executive the agreement of any further amendments that arise in discussion with Government, where they are consistent with the overall strategy as currently drafted.

1.0 Purpose

- 1.1 This paper summarises progress and emerging content for the local industrial strategy. The full draft is attached.
- 1.2 The West Midlands Industrial Strategy will set out our strategic priorities for driving growth and productivity improvements as part of overall delivery of the 2016 SEP targets. It will set out, in headline terms, how we can achieve growth that is more inclusive and enables more of our communities to benefit.

2.0 Background

- 2.1 The Government's 2017 Industrial Strategy White Paper set out that all local areas would have a local industrial strategy in place, agreed with Government, by March 2020. The West Midlands agreed to be a trailblazer area, working to develop the UK's first local industrial strategy by March 2019. This is an important opportunity to set out the priorities that we think will enable us to continue very strong recent growth rates and to make the next stage of our success even more inclusive and accessible to all.

Over 2018 the SED Board has overseen the development of the West Midlands Local Industrial Strategy, with day to day work being led by the WMCA and 3 LEPs working collaboratively together.

The WMCA Board agreed the overall approach and emerging content for consultation at its September meeting. We are now seeking approval to move to finalising the document with Government, and to continue to develop it further to ensure it is as clear as possible about our distinctive strengths and opportunities.

Response to the consultation

An informal, non-statutory, consultation was run between early October and 16 November 2018 to gather views on emerging conclusions.

We also discussed the consultation document and emerging findings as part of pre-decision consideration by the WMCA Overview & Scrutiny Committee.

The consultation document posed ten questions, inviting comments and suggestions and we also launched an online survey for people to respond. Simultaneously LEPs, the WMCA and others worked with regional networks and business groups to gather views and used existing events to engage with a wide range of partners.

Overall, we received over 120 responses through direct emails, online and via the dedicated email address. Generally, the response was positive with lots of detailed suggestions:

- In answering 'have we identified the right strengths and competitive advantages in our sectors', 91% of respondents answered yes (fully or partially).
- 86% of respondents thought that the challenges and opportunities facing the economy were accurately articulated.
- 91% thought that the strategic commitments were right or partially right, and a similar proportion thought these reflected the momentum which is underway and the opportunities ahead.
- 77% thought the actions would help their business or community grow and succeed.

- 83% thought the opportunities to benefit from Grand Challenges and make a major contribution to the UK's response were right.

2.2. We have therefore prepared a draft strategy that keeps the overall approach whilst responding as far as possible to comments and suggestions for improvement. The most significant adjustments are:

- Make inclusivity even more central.
- Be very clear about the West Midlands USPs and the distinctive contribution we have to make, whilst avoiding “picking winners” and being clear about what the evidence tells us about future trends, existing strengths and barriers.
- Expand the opportunities around future mobility, creativity, business, professional and financial services as the headline cross-sectoral opportunities based on the West Midlands economy, characteristics and strengths.
- Provide more specificity on the role and importance of our supply chains.
- Improve recognition of place – cities, towns and rural areas - and the diversity of outcomes across our geography. Each LEP has signed off on a series of case studies and examples.

We have also tested the evidence base, including with an independent panel, who made specific recommendations about productivity and being clear about the logic chains, but endorsed the overall approach and the way the strategy was structured based on the evidence. They were very clear, as has been Government in a series of informal discussions, that the emerging approach is both innovative and highly credible and reflects the West Midlands USPs and distinctiveness, which is a clear requirement for our LIS.

2.3 Outline of the Industrial Strategy

The approach we have taken is as follows:

- **Identifying four major national and global strategic opportunities** where the West Midlands has the existing and emerging strengths and the supply chains needed to make a major contribution to the new markets being created by global trends:
 - **The UK centre for the future of mobility**
 - Includes digital and light rail, EV and CAV, aerospace, data handling, battery manufacturing and the huge supply chain opportunities all this provides to our firms
 - Integrated with our investment in the West Midlands integrated transport system and connected through 5G.
 - £1bn opportunity just from batteries. Just 10% of UK CAV opportunity would yield £5bn - £10bn to West Midlands economy.
 - **Creative content, technologies and techniques**
 - Nationally important gaming, TV, Film, VR and AR firms and expertise
 - But also crucially using creative skills and assets in businesses and universities to design, develop and deploy new products and service. For example, new CAV vehicle design, component manufacturing across sectors, training new paramedics, surgeons and engineers using virtual reality and test beds.

- **Business Services**
 - Large scale growth forecast in the sector and in the use of business services skills across wider firms as we move increasingly to a more service-based economy
 - 31% increase in jobs (125,000) and £12bn more GVA by 2030.
 - Huge opportunity for more jobs for West Midlands residents – with good progression
 - **Data driven health care**
 - Big opportunity to combine our strengths in translational medicine with real life testing, in partnership with our diverse and growing population. NHS patient records here a huge opportunity, linked to 5G.
- 2.4 All are underpinned by and will contribute to the Commonwealth Games, City of Culture and our collective investments in infrastructure, housing and skills.
- 2.5 **The strategy then shows the distinctive characteristics of our economy, both strengths and barriers, and how they link to the opportunities above.** Strengths include our supply chain firms, diverse and young population, our creativity, connections and history of business and product innovation. This will include strong recent progress against some SEP targets, but also being clear that growth has been concentrated in a number of places, and too many of our communities have not benefited as much as they should. If we unlocked our full potential our economy would be £15.1bn larger and we would have higher average earnings with more people earning above the real living wage.
- 2.6 We then set out the **actions that we are going to take**, building on our opportunities and removing those barriers. These bring together actions that are already underway, planned and where we are seeking new things from Government. It will incorporate actions we have already agreed (for example as part of the regional skills plan, transport investment plan and housing and land delivery plan). The strategy will make a clear ask of Government that any post-EU growth funding, including that for skills and innovation, be targeted on West Midlands priorities and devolved to the region.
- 2.7 The strategy reflects the distinctiveness of the different places and communities of the West Midlands. Some of the actions in this strategy are region wide. Others are focussed on specific needs or opportunities. But all will contribute to our goals of more inclusive growth and higher productivity.
- 2.8 We will also include the main issues the region faces in relation to Brexit and the case for continuing to invest in us as a resilient and successful economy.
- 2.9 This strategy is based on the most up to date and detailed evidence possible. At the same time as the consultation has been running, the Black Country Consortium have been leading the process to develop the evidence base to provide concrete backing to the propositions and interventions set out in the WMIS.
- ### 3.0 Next steps
- 3.1 If the Board is content, we will move quickly as possible to secure Government approval, although this is clearly dependent on a Government process which we do not control and highly subject to Brexit taking up Ministerial time.

- 3.2 Working to these timelines, as a trailblazer area for the Local Industrial Strategy, we will be ready to be the first in the country to publish our strategy. Government have been clear that they want a shared process to finalise this strategy and we will continue to pursue these conversations. But it is also important that we undertake the WMCA sign off to ensure we have a strategy which reflects our shared ambition and which leaders are committed to.
- 3.3 Future funding for additional implementation of new and existing priorities will be part of our Spending Review approach with Government.

4.0 Financial implications

- 4.1 There are no direct financial implications arising from this paper. Future funding for implementation will be considered further as part of Spending Review discussions.

5.0 Legal implications

- 5.1 No legal implications at this stage.

6.0 Equalities implications

- 6.1 None

7.0 Inclusive Growth Implications

- 7.1 The inclusive growth implications are set out throughout the contents of this report.

8.0 Geographical Area of Report's Implications

- 8.1 The report related to the West Midlands three-LEP geography.

9.0 Other implications

- 9.1 None

10.0 Schedule of background papers

- 10.1 The draft West Midlands Industrial Strategy