

WMCA Board Meeting

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| Date | 8 September 2017 |
| Report title | Productivity & Skills Commission Update |
| Portfolio Lead | Councillor George Duggins - Skills & Productivity |
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Recommendation(s) for action or decision:

The WMCA Board is recommended to:

1. Note progress and future direction of travel for the Productivity & Skills Commission.

1.0 Purpose

- 1.1 To provide the Board with a progress update on the Productivity & Skills Commission

2.0 Background

- 2.1 The Productivity & Skills Commission launched on 5th April 2017 with a Call for Evidence. As part of the ambition for developing growth and productivity in the West Midlands, the Call for Evidence was designed to invite feedback and inform thinking on what is holding back the region in terms of productivity and skills and what the practical actions are that WMCA can take to address this.
- 2.2 Thirty five responses to the Call for Evidence were received from a wide range of stakeholders including businesses and business representative groups, Further and Higher Education, local authorities, LEPs and Think Tanks. The responses provide a wealth of information that the Productivity and Skills Commission can use to better understand productivity and skills issues in the region and the actions that are or should be taken to address these issues. A copy of the summary report can be found at Appendix 1.
- 2.2 The Technical Reference Group will be reviewing the detailed responses to the Call for Evidence and based on this, the detailed data analysis and rapid evidence review, will be producing reports on each of the five drivers to feed in to the vision for Productivity & Skills to be agreed by the Commission in Autumn 2017.
- 2.3 The Productivity Leadership Group met for the first time on 6th July. The main focus of the meeting was to examine the data, in particular the gap between West Midlands and UK GVA figures by sector. We have the largest gap in terms of WMCA compared to UK GVA per head in the Business Professional & Financial Services and Digital & Creative sectors and a gap that seems counter-intuitive for Advanced Manufacturing & Engineering. The Chair would like the Commission to develop a set of hypothesis to test why this is the case. Suggested hypothesis are:
 - a) Capitalisation - Is a lack of capital investment in terms of quantum and/or effectiveness having a negative impact on productivity in our sectors?
 - b) Supply Chains - Is our supply chain composition impacting on productivity?
 - c) Productivity per Hour Worked - Why is labour productivity higher in the G7? Is it a methodological issue or can we learn from examples abroad?
 - d) Travel to work patterns – Is the lack of a high quality residential and schools offer impacting on our local economy?
- 2.4 As the largest gap in GVA is within Business & Professional services, it was agreed to take a deep dive into this sector and prototype an approach to the development of a sector focused Integrated Productivity & Skills Plan. The approach will be discussed in further detail at the next meeting of the Productivity Leadership Group alongside consideration of the detailed work on skills already undertaken in relation to the Building Technologies & Construction Sector.

2.5 WMCA has received confirmation of approval of £200,000 funding from the Gatsby Charitable Foundation to support colleges in the West Midlands to be fully prepared for delivery of the new technical education routes. Activity will be aligned with the sector focused work of the Productivity & Skills Commission and integrated as appropriate. This will particularly relate to the development of sector focused plans and capitalise on employer engagement through the work of the Commission.

2.6 One of the key deliverables for the Commission is an Education, Employment & Skills Strategy. This will build on the Strategic Economic Plan at a more detailed level and provide a focus for future investment decisions. In order to drive decisions relating to the Adult Education Budget (AEB) the strategy will be in place by Autumn 2017 and will be revised as the work of the Commission develops. Government have advised that given the delay caused by the General Election, full transfer of statutory functions for AEB to Combined Authorities cannot be achieved soon enough to support the planning and business cycle for adult education providers for the academic year 2018/19. Transitional arrangements will be put in place in 2018/19 and it is envisaged that there will be a role for the strategy in determining provision during that year. It was agreed that the development of the strategy would be taken forward by the three LEP leads that sit on the Productivity Leadership Group.

4.0 Financial implications

4.1 A budget of £392,800 has been approved to deliver the Productivity & Skills Commission.

4.2 A graduate research analyst is now in place to support the Commission and a Programme Manager and Project Support Officer have been recruited and will take up their posts in early Autumn. All posts are funded from within the overall budget.

4.3 Additional funding of £200,000 has been secured from the Gatsby Charitable Foundation to support joint work with the Further Education sector on preparation for the new technical routes which will form part of the Commission's work.

5.0 Legal implications

5.1 None directly arising from this report.

6.0 Equalities implications

6.1 The activities of the portfolio are reflected in the draft WMCA Equalities Scheme.

7.0 Other implications

7.1 N/A

8.0 Schedule of background papers

8.1 Appendix 1 – Summary Report on the Response to the Call for Evidence