

EXECUTIVE SUMMARY

This strategic economic plan (SEP) sets out the vision, objectives, strategy and actions to improve the quality of life for everyone who lives and works in the West Midlands. It has been developed and agreed by a wide partnership of people, organisations and businesses who share a pride in, and ambition for, an area with unique assets, challenges and opportunities.

The SEP is based on an understanding of what makes the West Midlands different; its uniqueness is not simply based on its location in the heart of the country and a long and proud history of manufacturing excellence, but its cultural diversity, its track record in innovation and its potential to support a young, diverse population to flourish across its cities, towns, villages and countryside.

The SEP's ambition is based on the recognition that, through devolution, the West Midlands' assets can be enhanced to benefit not only its residents and businesses, but the entire nation. Economic growth across the West Midlands delivers a better, more successful and more vibrant UK economy, playing a key role in maintaining and improving the UK's global competitiveness.

Devolution and the creation of the West Midlands Combined Authority (WMCA) provide the area with a once in a lifetime opportunity to transform the area through a robust and focused programme of change. The WMCA's vision-led approach to transformation enables ambitious, yet achievable outcomes focused on the issues that matter; the issues that make the biggest differences to the quality of life of the people who live in the area.

The SEP has been developed through a powerful collaboration of organisations who have played to their strengths and shared their expertise to ensure the WMCA's vision is robust, achievable and ambitious. In particular, the leading role universities play in economic development has been a key factor in the development of the SEP.

It sets the context for the WMCA's devolution agreement with Government and explains how devolved powers and resources will be used. It also sets the scene for subsequent devolution agreements with this and future governments.

The WMCA provides the scale and capacity to respond to the opportunity of devolution and go further and faster in enabling economic growth. It also enables the area to contribute to, and benefit from, the ambitious Midlands Engine programme with its focus on skills, innovation, transport and inward investment.

The WMCA is determined to seize the opportunities offered through devolution to deliver a robust and ambitious vision for the West Midlands in 2030. Delivering the vision will see the area home to the biggest concentrations of advanced manufacturing in Europe and a major player in the global economy.

The area's innovation infrastructure will play a crucial role in increasing productivity and reforming public services, with the recommendations of the Midlands Engine Science and Innovation Audit informing the WMCA's approach.

Balanced growth will benefit the whole region. It will improve the life chances of everyone who lives in the West Midlands, especially those facing multiple disadvantages. It will ensure the skill levels of local people match and then exceed the national average, that employers have the right support so their employees have the skills they need, and people of all ages have access to the best education and training.

The key to successful growth will be work to remove barriers to development to create a higher volume of housing. The WMCA will ensure acceleration of the housing market to support economic growth and to provide a better range and more sustainable mix of homes for sale and rent across the area, including attracting a greater proportion of higher income households with the skills to drive a knowledge-led economy to live in the area. A greater and broader range of housing will improve the quality of life of people across the West Midlands, giving people more choice, alternative tenures like mutual home ownership and will particularly help younger people.

The drive to improve productivity across the West Midlands is vital to achieving the SEP's vision and the WMCA has established a Productivity and Skills Commission to focus on the action needed to make sustainable breakthroughs in this very complex area.

The WMCA's strategy also focuses on public service reform and the transformation of the lives of people in the West Midlands. Transformation is not just about reducing the net deficit of around £3.9 billion a year between the level of public expenditure and the income raised through taxes and revenues, but about improving the quality of life of everyone in the area.

The current system of public services is fragmented and over-centralised and, too often, fails to meet needs. Projected levels of resources will not deliver acceptable outcomes without radical reform. Devolution provides the opportunity for a fundamental change in public services through pooling budgets across services and organisations and a new approach to people and technology.

The public service reform programme includes an initial programme of activity supporting people with complex needs, reforming criminal justice and improving employment, skills and mental health. The WMCA plans to deliver services that improve the quality of life of people, improving life chances, health and wellbeing, preventing demand, reducing dependency, growing the capability and untapped assets in communities and supporting the ageing population.

The West Midlands' economy, already home to hundreds of globally competitive businesses from Carillion to Moog and from Jaguar Land Rover to Cadbury, provides a strong foundation for growth. In recent years, its economy has grown faster than the national economy and the area is a national leader in attracting inward investment. The core of its economic strength is in advanced manufacturing and engineering but a number of growing dynamic sectors, including creative, digital and life sciences, are playing an increasingly significant role in the area's successes; the strong potential of the creative sector in the area for further growth will be fully harnessed by the WMCA.

High quality connectivity, by rail, road and air, is a significant competitive advantage, which will be strengthened by the arrival of HS2 and the further development of Birmingham Airport as an international gateway with an increasing number of long haul flights.

The UK Central growth corridor – linking Birmingham, Solihull and Coventry - is already playing a part in delivering success and HS2 will further transform connectivity in Britain with the potential to underpin the re-balancing of the British economy. With travel time from London to Solihull of just 38 minutes it will be a transformational project for the West Midlands and the WMCA will ensure that HS2's potential is fulfilled as part of a wider transport strategy, set out in the West Midlands' strategic transport plan "Movement for Growth".

HS2 presents an unprecedented opportunity to establish the West Midlands as a world-class business location. It will transform connectivity advantages, provide significant supply chain opportunities for leading engineering and construction businesses and provide a focus in driving up skill levels.

The area's economic geography is a massive asset, with Birmingham city centre at its heart and the two cities of Coventry and Wolverhampton well placed to build on their significant potential. The growth opportunities at UK Central are manifold, while the surrounding areas of southern Staffordshire, north Worcestershire and Warwickshire bring complementary strengths in terms of business, housing and leisure offers.

Alongside high value manufacturing in the Black Country and extensive research and development (R&D) assets and the automotive industry in the south and east of the conurbation, cultural diversity is increasingly reflected in the economy, with nationally significant environmental and cultural assets such as Shakespeare's birthplace and as part of the wider Local Enterprise Partnership (LEP) geography Ironbridge, supporting a high quality of life.

The area's vibrant cities and towns are complemented by villages and countryside that are easily accessible to, and enjoyed by, millions of people; the patchwork of urban and rural environments stretching across the West Midlands adds to the area's unique qualities and characteristics and all play an important role in shaping the area's future prosperity.

The cultural diversity of the population is a major economic and cultural advantage for the area and the strong sense of pride in place and highly developed local identity that runs through the cities, towns and villages of the West Midlands is key to the successful delivery of the SEP. The mix of assets across the area provides a unique collection of strengths and opportunities that will be fully harnessed in the coming years.

The West Midlands is home to some of the most innovative businesses in the UK, with an excellent infrastructure supporting innovation and R&D, drawing on the skills and resources of its universities, science parks and research institutes. The SEP recognises the opportunity to extend the use of this infrastructure to more businesses, building on current success in developing manufacturing and engineering excellence. University expertise will also help drive public service reform and, crucially, provide the evidence base to ensure, for the first time, confidence in proving what interventions work to transform people's lives.

Despite these strengths, forecasts suggest that on current trends the output gap between the West Midlands and the rest of the UK will widen between now and 2030. This is attributable to the large number of low value companies in low growth sectors, the low business birth and survival rates in some areas, and the comparatively high number and proportion of residents with low skills and, in many cases, no formal qualifications. Productivity is constrained by poor life chances caused by issues like poor mental health, worklessness in households and complex needs.

Councils and LEPs across the West Midlands have been acting to tackle this and progress, through the delivery of individual SEPs over the last five years has been impressive. However, outstanding challenges remain and include:

- strengthening local supply chains and re-shoring activity to the West Midlands
- enabling more businesses to take advantage of the R&D and innovation infrastructure
- improving road and rail infrastructure
- boosting business birth, survival and growth rates in parts of the area
- improving skills base and ensuring that businesses have access to the skills they require
- bringing forward land for housing and employment
- accelerating the rate of house building to match aspirations for growth.

These issues can now be tackled more effectively, more coherently and at a greater scale than ever before through the WMCA, the devolution deal and this SEP, which complements and supports the LEPs' individual SEPs rather than replaces them. It focuses on action of strategic importance across the area and/or of sufficient scale to warrant attention at a combined authority level. The SEP also puts in place the strategic framework to enable the WMCA to take decisions about the use of the resources that have been devolved to it.

The SEP enables further and faster growth than has been predicted in the three individual LEP strategic economic plans through the economy plus model, which builds on the West Midlands' strengths and potential to make a bigger contribution to the national economy; delivering 50,000 more jobs than originally predicted in the three LEP plans alongside an additional £7billion Gross Value Add (GVA) – creating greater total output across the regional economy.

The GVA measure allows the WMCA to track performance against others in the UK (and globally). In basic terms, increased GVA provides evidence for real growth in the West Midlands' economy.

The strategy uses the economy plus model to deliver the vision and is based on the strengths, challenges and opportunities faced across the area and the development of a strategic approach that focuses on priority actions, channels and principles.

The eight priority actions are:

1. **New manufacturing economy:** harnessing the biggest concentrations of high value manufacturing businesses in Europe and their supply chains.
2. **Creative and digital:** further developing the area's vibrant and flourishing sector.
3. **Environmental technologies:** securing transformational environmental improvements.
4. **Medical and life sciences:** enabling the further growth of the medical and life sciences sector and supporting other businesses to diversify and become part of the sector's supply chain.
5. **HS2 growth:** maximising the benefits of the largest infrastructure project in Europe.
6. **Skills for growth and employment for all:** ensuring the skills needs of businesses are met and everybody can benefit from economic growth.
7. **Housing:** accelerating the delivery of current housing plans to increase the level of house building to support increased level of growth.
8. **Exploiting the economic geography:** making the most of the scale and diversity of the West Midlands' geography to enable economic growth and community wellbeing throughout the urban core and rural areas.

A clear mechanism to assess delivery, activity and the impact of proposed interventions is crucial. The WMCA has commissioned a new, bespoke economic modelling framework - a Dynamic Economic Impact Model (DEIM) – to provide a robust mechanism to measure the economic impact of investments. The WMCA will develop this unique model so it becomes internationally renowned and respected.

Alongside new ways of working, performance management and governance frameworks, this will ensure resources are focused in the right places at the right times to deliver fast, flexible and dynamic change for residents, businesses, their employees and cities, towns and villages across the West Midlands.

The WMCA is focused on taking swift action to deliver its vision and a first phase of activity is already underway; the creation of a growth company working with the private sector and across the area will support and help accelerate the delivery of the SEP.

This SEP outlines in more detail the strengths, challenges and opportunities facing the area and the strategic approach the WMCA will take to deliver its vision.

At the heart of the strategy is the drive to accelerate an improvement in productivity and enable the West Midlands to become a net contributor to the UK exchequer - while improving the quality of life for everyone who lives and works in the area.

It is an ambitious plan, but no less than the West Midlands needs and deserves.

ROUTE MAP

