

WEST MIDLANDS INDUSTRIAL STRATEGY

CONSULTATION RESPONSE

Summary

The CBI is in broad agreement with the 10 priorities outlined in the West Midlands Industrial Strategy consultation document. A strong regional skills system, excellent connectivity and good housing are all fundamental to enabling growth. This response briefly addresses the nine consultation questions and goes on to make recommendations that would help business to support the West Midlands strategic priorities.

1. Have we identified the right strengths and competitive advantages in our sectors?

The CBI agrees that the West Midlands has significant strengths in automotive, life sciences, creative and gaming, business and professional services.

2. Are the challenges and opportunities facing our economy accurately articulated?

The CBI believes the key to shared prosperity and increased living standards across the UK requires closing the productivity gap. This has been featured in the CBI Unlocking Regional Growth report identifying educational attainment and skills development as the fundamental drivers of economic growth.

3. Are these the right opportunities for the West Midlands to take in order to benefit from these Grand Challenges and make a major contribution to the UK's response?

Following the successful bid for the 5G testbed the West Midlands is well placed to lead on elements of all four Grand Challenges.

4. Does this emerging approach to inclusive growth have the potential to meet the challenge?

Delivering inclusive growth is a priority for the CBI. Taking an integrated place-based approach by creating growth corridors with good transport, housing and access to skills is welcomed. The involvement of employers in creating a responsive and flexible skills system will be key.

5. How could your organisation get involved to help?

The CBI offers its continued support and wishes to work closely with WMCA and the LEPs. We can convene business leaders for consultations, provide evidence and communicate messages to and from the West Midlands business community. We will also continue to engage with the Mayor's Business Advisory Group to share ideas and exchange knowledge with fellow business leaders, the Mayor and senior WMCA staff.

6. Are these the right ten strategic commitments?

We agree broadly with the commitments set out. Tackling high unemployment; creating a responsive skills system; improving transport and infrastructure; and delivering good housing in the right places are the priorities areas we have addressed in more detail below.

7. Do they reflect the momentum which is underway and the opportunities ahead?

The West Midlands Industrial Strategy is not making a standing start. Building on our strong manufacturing base, rapid growth in the service sector and looking at the opportunities on future mobility, AI and health, we agree that the long-term vision looks right.

8. Will these emerging actions help your business or community grow and succeed?

The WMCA working closely together with businesses in the region offers the best chance of success. The acknowledgement of inter-regional disparities, including productivity and inward investment is welcomed.

9. What else will help your business and/or community grow and succeed?

The Preston Model for growth is an interesting case study that has been shown to strengthen the local economy. Finding ways to allocate a greater proportion of local spending to local suppliers through adapting procurement methods could be replicated here in the West Midlands. The Commonwealth Games and Coventry City of Culture offer opportunities of significant scale to maximise benefits for the region.

People, skills and employment

1. Management, leadership and entrepreneurship

Improving company culture, initiated by leaders and middle management, can have a significant effect on productivity. In the West Midlands there is a shortage of suitable candidates at supervisor, management and director level. **To address this, there needs to be more opportunities to enter training at levels 5 through to 7 rather than just levels 3 and 4. We need more development and investment of not just technical skills, but the ability to review and improve the way work is done.** This falls into three categories:

- Top leaders who know how to examine their enterprise and optimise the whole rather than just its individual parts;
- Managers who can organise and inspire their team to improve the way their work is done;
- Employees who are responsible for examining their daily work, identifying abnormalities and contributing to the improvement of that work.

Similarly, entrepreneurship should be encouraged throughout the region. A scheme to promote and foster entrepreneurship will support additional business growth.

2. Apprenticeships

The introduction of the Apprenticeship Levy is seen as generally positive and offers something to build on that can work for individuals, businesses and the economy, if businesses are listened to. But the current system is not working. The Apprenticeship Levy should be considered alongside wider apprenticeship reforms to create a high-class apprenticeship system for the West Midlands. **The Apprenticeship Levy needs to be much more flexible so that it can cover the direct and indirect costs of an apprentice, rather than just the training cost - for example, additional staff costs for supervising young people. Where shorter courses are known to be effective then it would seem reasonable for the Levy to have the flexibility to cover costs here too.**

3. Strengthening the business and education relationship

Schools and business both need to play their part. **A more structured approach that encourages business to engage with schools is needed that incentivises businesses to support their local schools and colleges.** Conversely, schools need to be encouraged to get the children out of the classroom and into the workplace, the right incentives need to be in place for this. It would be beneficial if teachers had a stronger business awareness. **We recommend that teachers spend time each year in industry (back to the floor style placement) to build their business awareness and strengthen the school-business relationship.**

Case study: The Institute for Advanced Manufacturing and Engineering

The Institute for Advanced Manufacturing and Engineering is a University facility on a business site that aims to grow the UK's engineers of the future. Their degree comes from Coventry University (this is a joint venture between Unipart Manufacturing and Coventry University), but the physical location is within Unipart Manufacturing's main site in Foleshill, Coventry.

Under-graduates are immersed in the work environment, they receive many of their lectures/tutoring sessions in the on-site University, undertake their project work inside the Institutes workshop area and inside Unipart's development and manufacturing facilities (working with people from shop floor to senior management). Students get three year's work experience, and Unipart get to nurture and shape their future workforce. The course scores exceptionally high on student satisfaction and securing employment.

The activities have extended from working with schools to attract school children into STEM, to PhD research for some of the more complex challenges e.g. robotics. Unipart now have 110 under-graduates in training.

Some colleges, universities, training providers work well with employers, so we need to build on this approach where relationships are less strong/productive. There is a mass of existing bodies working in this

space (86 in the Black Country alone) with little or no coordination. It is a confusing and difficult to navigate landscape for both schools and businesses. **A single entity providing a brokerage service should be considered.**

The creation of an **employer-led taskforce** is welcomed. Trade bodies have an important part to play in shaping the curriculum and we encourage their involvement in this work. The skills needs and opportunities of HS2 offer a valuable opportunity to test this approach.

Case Study: Thomas Dudley Limited

Thomas Dudley Limited engage with local schools to encourage young people to consider manufacturing as a career, a career that requires a broad set of skills including marketing, purchasing, finance and HR, as well as engineering. Visits are tailored to meet with the curriculum to make the engagement as relevant as possible and therefore help the teachers bring their subjects to life. Examples include:

Modern Foreign Languages outreach with Shireland Collegiate Academy. An interactive event that includes interviewing real people in a foreign language.

A design project with Ormiston Forge Academy. Pupils were asked to design a school branded coaster in their form time in teams. They brought their design to Thomas Dudley to 3D model them and produce prototypes, producing a presentation to market their products. Thomas Dudley cast the winning coaster

Work experience – last year Thomas Dudley placed over 40 pupils on work experience in different departments.

4. Labour shortages

We must be also aware of sectors within the West Midlands economy that have a labour shortage. The lack of sufficient quantities of labour in retail; agriculture; leisure and hospitality; and food processing is reaching crisis point. At the same time in many of parts of the region pockets of high unemployment prevail. We need to find more effective ways to link up the unemployed with these employment opportunities.

Infrastructure

5. Planning Powers

The new National Planning Policy Framework (NPPF) is a marked improvement. However, in practice the planning process still takes too long, is costly, creates uncertainty and restricts supply. Prior planning permission for housing sites would speed up the process and reduce costly abortive schemes and a more regional planning policy for the provision of housing would provide consistency and aid housing delivery across the region.

We would welcome more pre-approved housing deals for high-priority, large strategic sites across the region that are jointly delivered by Homes England, local authorities, developers and developing housing associations to ramp-up the delivery of significant numbers of new affordable homes. At the Local Plan stage, local authorities should look at maximising the potential from large sites.

The West Midlands Combined Authority has rightly identified key strategic challenges in both transport and housing. The two areas are closely linked and requires a joined-up and high-level approach. The Urban Growth Company is an excellent example of integrated planning. **We are calling for the Mayor of the West Midlands to have powers over strategic planning, with similar powers to the Mayor of London's powers on 'referable applications', that is, developments of 'potential strategic importance.** We make this recommendation with the caveat that it delivers a faster and more streamlined planning process in the region and does not simply insert another tier to the planning process.

6. Western Strategic Route

We support the forthcoming feasibility studies that seek to improve connectivity in the Black Country. Midlands Connect early research suggests the Western Strategic Route would offer the “biggest benefit for improving journey times and reducing variability, providing additional capacity, raising resilience and supporting economic growth”. Data shows this could move around 20% of traffic from the M6 in the North and M5 in the South, away from the motorways.

Because of the historical evidence that major new road projects take a very long time to get beyond the planning stages and onto construction, we believe that clear time-bound objectives are necessary to achieve the benefits to our economy at the earliest possible date and to minimise the risk of cost over-runs.

7. Birmingham Airport

The UK has a high dependency on London airports which account for 60% of all passenger travel, with London Heathrow alone accounting for almost 30%.ⁱ Taking into account the planned growth via the third runway at Heathrow Airport, there is a need to ensure that the West Midlands captures the economic benefits of air travel. We see the role of Birmingham Airport as vital for the long-term health of the West Midlands economy and fully support the Urban Growth Company plans to develop the area and improve connectivity.

Housing

8. Land Supply

Since the WMCA was established, significant progress has been made in identifying the barriers to bringing brownfield land forward for development and putting in place strategies and critically, funding, to try and unlock them. We are supportive and concur with the WMCA's findings on the barriers to brownfield land supply, and, here we set out some practical ideas for assisting them further in this challenge.

We recommend that the WMCA look at ways of attracting small scale builders by extending their funding support to provide project finance, in addition to remediation funding. The WMCA has identified a number of growth corridors which individually consist of a portfolio of sites. If these sites are to deliver the housing target we would recommend the housing mix across these sites be assessed to ensure they collectively meet the housing demand from a mix and tenure perspective. Where development viability is marginal on a site by site basis, a portfolio approach to delivery should be adopted where higher value sites can offset the unviable lower value sites.

Large areas of the West Midlands are subject to COMAH (Control of Major Accident Hazards Regulations) designations where the HSE advise against more sensitive uses being developed within identified zones around hazard installations. **We recommend that a study be commissioned to understand the extent to which these COMAH designations have constrained residential development with the aim to implementing a model that is less blunt.**

There are former industrial sites that have been identified as potential housing sites. In isolation these are small in scale - they are not large enough to change the perception of an area and they lack the critical mass which helps to improve the social and economic impact of development. **We recommend that the WMCA work with its partners to identify larger sites which will act as a regeneration nucleus.**

Previous development capacity study work in areas such as the Black Country has shown that there are relatively few large development opportunities under the control of one land owner. Simplifying and speeding up the Compulsory Purchase Order (CPO) process, making it more attractive to local authorities could help unlock sites and areas for redevelopment. The current CPO process is too complicated and cumbersome, with very few officers in local government trained sufficiently to use it.

The reality is that housing demand will only be met by increasing land supply and it cannot be done from brownfield land alone. Greenfield and greenbelt land will have to come forward which is where local politics can become a barrier to delivery. It is recognised that there are a large number of greenfield sites which are

less sensitive, and it is questionable whether they truly provide a quality space associated with 'greenfield' land. This land is beginning to be referred to as 'yellow land'. **We recommend the WMCA undertake a survey to identify these sites and assess the potential housing capacity that could be delivered.**

9. Modular Construction

Given the shortage in construction skills and the drive for improved efficiency and increased volume, modular construction is likely to be the mainstream method of building homes in the future. Modular Housing is a broad term that includes both panelised construction and 3D modular units.

Investment in a new Centre of Excellence for Brownfield Remediation and Construction Skills in Wolverhampton provides an excellent opportunity for the region to become the lead supplier of modular homes in the UK. Research and development in the Advanced Methods of Construction (AMC) world requires significant investment. The more ambitious we are to address the issue of cost, speed and the need for mass production, the greater the need to consider manufacturing techniques like advanced robotics and Industry 4.0. **There needs to be more funding available to support developers otherwise investment is likely to stay towards the low-tech end of AMC which, whilst requiring less investment, is not likely to deliver the efficiencies and volumes required.**

A modular element should be included in the regional Land Fund / Housing Deal for the West Midlands – building on the commitment set out in the deal to work with housing associations on new ways to finance and build more affordable housing to rent and buy. Modular homes suffer from a negative perception by renters and buyers due to the legacy of poor quality post-war prefabs/pre-cast reinforced concrete homes. One of the challenges for this approach to become mainstream would be the need to tackle this stigma and dispel myths as modern modular homes are high quality and energy efficient. **We recommend that a Modular Housing demonstration village is built in the region where developers and manufacturers can exhibit their products in a real-life setting. The village will help kick start the industry and can help promote the benefits of modular housing to the general public.**

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