

# West Midlands Plan for Growth



West Midlands  
Combined Authority

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# Foreword



**Andy Street,**  
Mayor of the  
West Midlands



**Cllr Ian  
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for Economy

After forging a position as the fastest-growing region outside London in the decade to 2019 and breaking through the £100 billion economic output mark, the region’s industrial mix and demography meant we were hit particularly hard by the economic impact of the Covid pandemic and new trade frictions with the EU. The West Midlands Plan for Growth sets the path to returning to that trajectory, spreading opportunity and jobs across the region and helping level-up the UK.

Clean and inclusive economic growth is driven by the private sector, with public authorities helping to create the conditions for investment and prosperity. In the West Midlands, we know that must be a joint effort. The private sector plays a critical role, finding commercial opportunity, driving investment and creating wealth. The Combined Authority brings regional leadership with a scale and simplicity helpful to business while also reflecting the different needs and opportunities of different towns, cities and rural areas across the region. It has proved effective in setting long-term direction and confidence, along with troubleshooting immediate issues such as the response to the pandemic, EU withdrawal and dealing with energy price increases.

Working in conjunction with local authorities and universities as local anchor institutions, the Combined Authority will deliver conditions for growth through:

- **New powers over economic development** – Investing £88m from the UK Shared Prosperity Fund, targeting the £33m West Midlands Innovation Accelerator, the £23m Commonwealth Games Business and Tourism Programme and leading a rejuvenated business support system that capitalises on the private sector offer and expertise across the West Midlands.

- **Transport investment** - Investing in transport corridors that drive development with £363 million invested in 2021/2022 and over £1 billion in transport funding secured for the next five years.
- **Housing and land investment** - Making our mark with over £600 million of devolved housing and land funds secured, hundreds of hectares of land unlocked and a revolution in brownfield development.
- **Pioneering new approaches to regeneration** – Bringing affordable, modular and net zero homes to our towns and cities.
- **Skills** - Delivering a £130 million annual Adult Education Budget (AEB), contributing to an almost 10% increase in 2020 alone in the proportion of the population with Level 3 skills.
- **Working with investors** – Securing partnerships with investors to deliver growth and realise strong Environmental, Social and Governance (ESG) commitments that boost investment, like the long-term agreements with major developers like L&G which will see £billions of private, patient capital invested across the region.
- **Net zero** - Committing ourselves to a regional net zero target by 2041 and pursuing landmark innovations in transport mobility, zero carbon buildings, smart local energy systems, the environment and affordable housing.

Earlier this year government launched its ground-breaking Levelling-Up White Paper with the promise to spread opportunity across the United Kingdom, tackle inter- and intra-regional imbalances and succeed in its twelve Missions by 2030. The White Paper gave the West Midlands the chance to secure a ‘Trailblazing Devolution Deal’. This vote of confidence in us will provide another critical weapon as we seek to seize new funding opportunities, develop our critical cluster growth opportunities and put our economy back on the path to strong growth.

# Overview

## What is it?

- 1.1 The West Midlands Plan for Growth pinpoints those economic clusters where the region can ignite above-forecast levels of growth. These are clusters where the West Midlands has comparative advantage and businesses are confident to invest. Combining the power of private and public sectors around these opportunities gives the region a credible path to returning to being the fastest growing region in the country outside London.
- 1.2 Additional growth in the mid-to-high-value clusters in the West Midlands Plan for Growth creates prosperity right across the region by generating wealth that can be shared across our communities. The clusters comprise around 12%-15% of the region's economy, but their potential impact is huge:
  - For **people** – clusters create well-paid, high-quality jobs.
  - For **communities and supply chains** – clusters help places capture their sense of purpose and gives direction to those firms potentially contributing to supply chains.
  - For **the West Midlands and UK** – clusters level-up the UK through additional growth and improve the economic resilience of the region and country by adapting our industrial heritage to prosper in new markets.
- 1.3 This is necessary because the West Midlands has suffered. A combination of the Covid pandemic, Brexit disruption and supply chain difficulties have had a disproportionate effect on the region because of its industrial base<sup>1</sup>. The region's response is to come together and pinpoint those precise clusters and technologies that can shift the West Midlands into the next gear of economic recovery, with benefits felt across the region generating greater consumer confidence and spending.
- 1.4 We believe that looking at clusters (rather than sectors) can help us to better support growth. Clusters are geographic concentrations of interconnected companies and institutions in a particular field. These commercial relationships are the glue which knits clusters together, cross-pollinating ideas and providing the region with its comparative advantage. The ways commercial firms collaborate varies – whether through supply chains, shared translational institutions like the Catapult Centres, or more informal networks and industry bodies.
- 1.5 The West Midlands Plan for Growth builds upon the region's Strategic Economic Plan and Local Industrial Strategy which capture the key features of the West Midlands economy, including our geographical connectivity, our young and diverse population, our skills profile and business productivity. Whilst this plan focuses on clusters with the potential for high growth, our wider efforts will also provide support for businesses in other critical sectors, which are vital to the region's success and prosperity.

1 - FT article: <https://www.ft.com/content/296a0c59-4b54-42e0-a37e-6f389880f582>



## Scale of the economic challenge

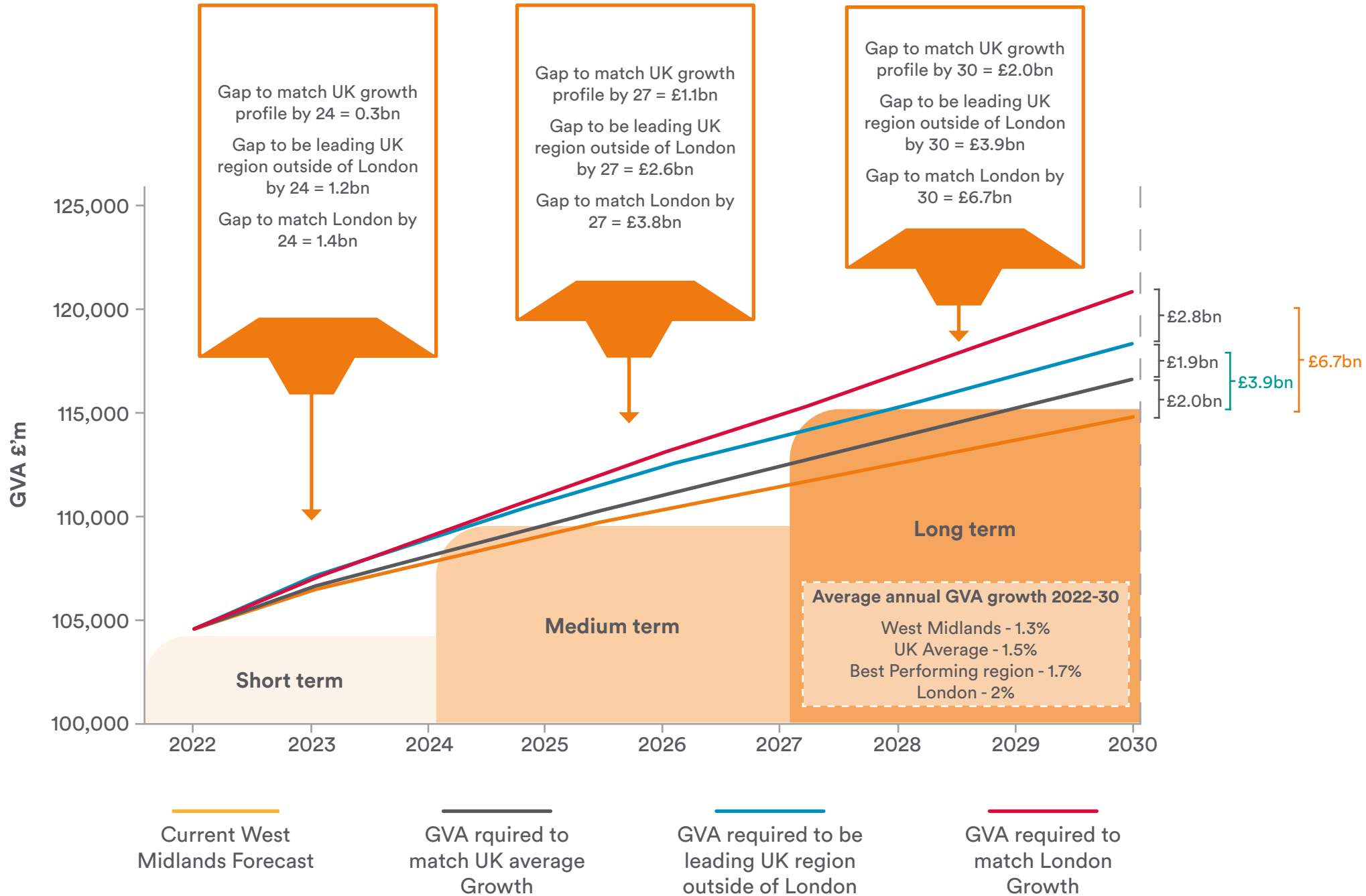
1.6 Modelling by Oxford Economics indicates that, without further intervention, the West Midlands will experience below-average growth over the next decade, with a negative impact on employment and earnings in key parts of the region. Total Gross Value Added (GVA) in 2019 for the WMCA was £104 billion and projected to have a GVA of £131 billion in 2040. This is an increase of 25.5% with a yearly growth rate of 1.16% - below the projected UK annual yearly growth rate of 1.35%. The baseline scenario forecasts the WMCA GVA per head to grow to £29,939 by 2040, an average annual yearly growth rate of 0.95%, compared to the UK average of 1.15%.

1.7 Working with regional partners, the WMCA commissioned a detailed analysis of opportunities for differential growth above that forecast. Its purpose was to provide an independent assessment of where the West Midlands has comparative advantage, market confidence and a credible path for growth and job creation above forecasted levels. Based upon this, the West Midlands Plan for Growth sets a two-part strategic approach to accelerate and amplify growth to become the fastest growing region outside of London to 2030; a goal which requires an additional £3.9bn of output above baseline forecasts by 2030:

- Overcome barriers to growth in primary clusters where there is opportunity for differential growth in the short to medium term.
- Identifying and supporting a portfolio of nascent clusters now, to deliver growth in the longer term.



Source: Oxford Economic Forecasts



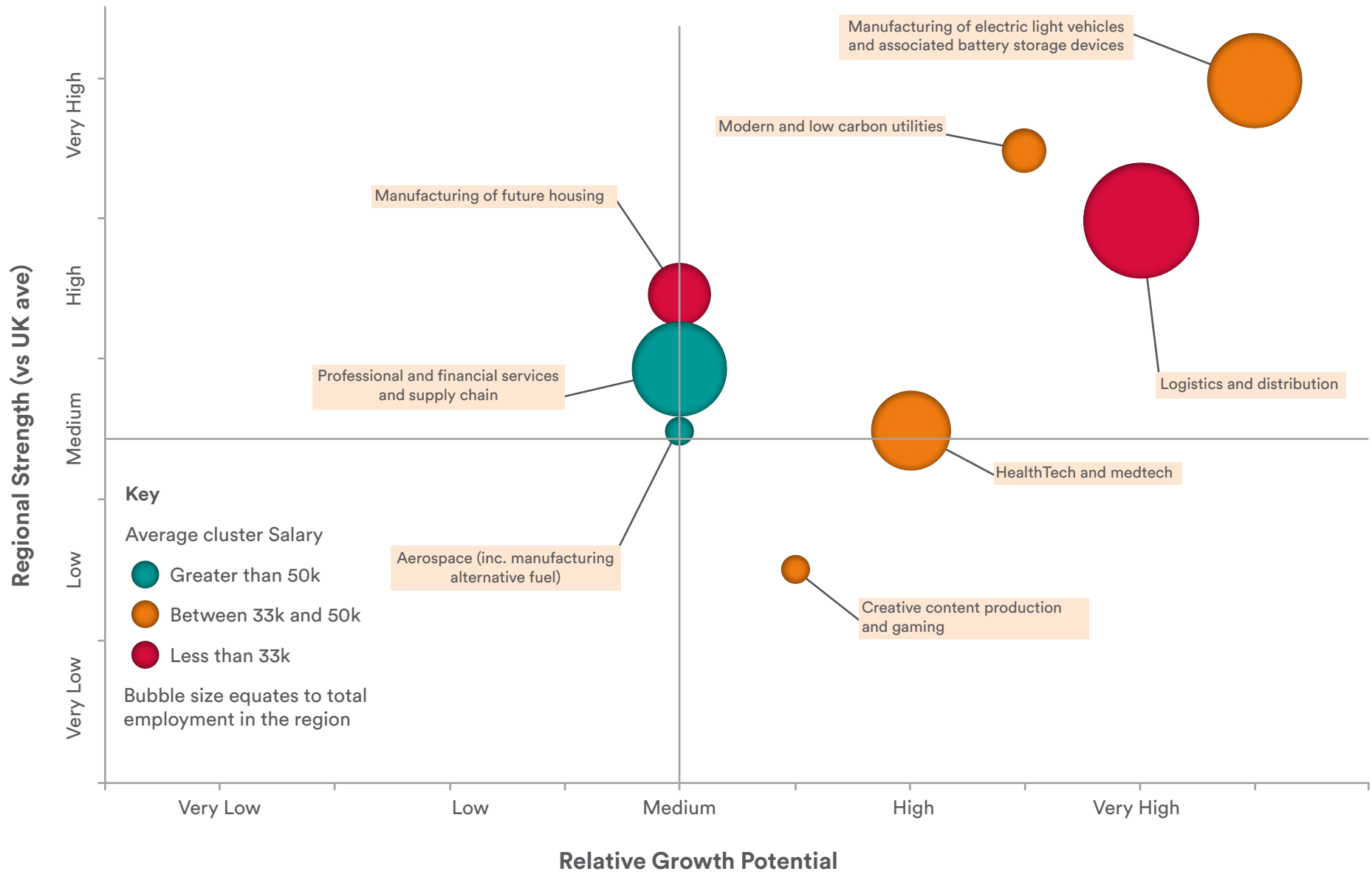




## Primary clusters

- 1.8 Eight existing clusters fit the profile of delivering high value differential growth where the West Midlands has comparative advantage, business confidence and further market opportunity. The clusters are illustrated on page 8 according to their growth potential in the West Midlands, the extent of regional strength, and current employment and wage levels.
- 1.9 A review of opportunities, strengths and gaps across these clusters identified a set of six cross-cutting interventions that would, when tailored to the commercial circumstances of each cluster, deliver combined differential growth of between £2.9 billion to £3.2 billion of GVA and between 40,300 and 44,800 jobs. Achieving this would bring growth in the West Midlands to just ahead of the UK average by 2030. More detail about the interventions to overcome barriers to growth is summarised in section 2.









## Nascent clusters

**1.10** The pace of technological and market development means the West Midlands also needs to proactively back clusters with exponential growth potential. By their nature, the size, maturity and embeddedness of these clusters in the West Midlands is unlikely to be large, but support now can drive big returns later in the decade. These disruptive nascent clusters - like Very Light Rail (VLR), 5G adoption, eCommerce and space technology - can also add to the competitive advantage to more established clusters or sectors, helping to prevent decline or stagnation.

**1.11** Activity to support growth in nascent clusters includes:

- early-stage support for scale-ups;
- providing patient capital for businesses;
- quickly boosting the local supply chain to provide capacity as well as capability; and
- creating opportunities for collaboration and community connectivity.

Successfully tackling these market needs will help outperform UK average performance in the medium to long term by providing an additional boost to the growth of our primary clusters.

Regaining the position as the fastest growing region outside of London would require the West Midlands to deliver an extra £0.75 billion - £1.0 billion of GVA and an extra 15,000 - 20,000 jobs.



**1**

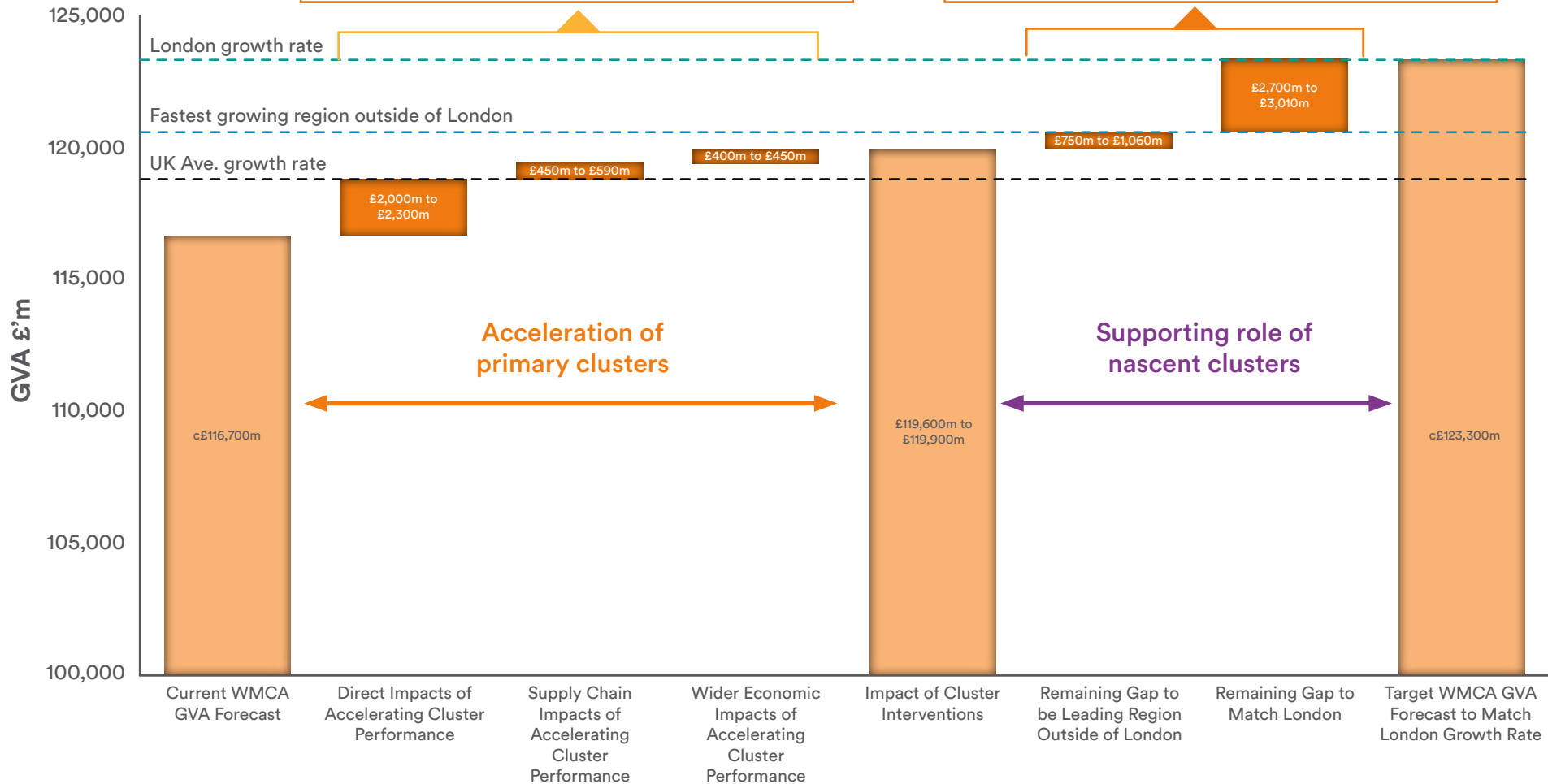
**Beating the UK average**

Under the base scenario, targeted interventions in the eight primary clusters are expected to deliver additional GVA in the West Midlands of between £2.9bn and £3.2bn. These interventions will raise the West Midlands growth rate above the UK average. Delivering between 40,300 and 44,800 additional jobs.

**2**

**Targeting best performing region**

Additional GVA of between £750m and £1bn will need to be generated over the period for the West Midlands to be the fastest growing region outside of London, while the additional gap to match London is between £2.7bn and £3.1bn



## Levers of growth

2.1 Government's Levelling-Up White Paper champions 'Medici-style growth' where complex systems are made coherent to level-up the UK. We can apply those principles to the West Midlands Plan for Growth where the key is tying together:

- Clear, well-targeted answers to boost private sector investment and cluster growth.
- Empowered and accountable decision-making, including the private sector.
- Suitable resources.

2.2 It is only the private sector that can deliver our growth ambition. But we know that growth can be greater, faster and more inclusive where public leaders work to set the conditions for prosperity. A Medici-style West Midlands Plan for Growth means there will be no separate implementation plan. Instead, mainstream delivery programmes and policies of the WMCA and partners will be flexed and targeted as appropriate to boost growth in the clusters and unlock additional business investment. The region has two ways to ensure it stays on track:

- **Strong business-led cluster leadership:** Private-public partnership requires strong cluster leadership, with business saying clearly and credibly how overcoming barriers unlocks further private investment. We know there is no one-size-fits-all approach to cluster leadership, so the region will work with specialist business organisations across the West Midlands and beyond so there is a clear and constructive two-way dialogue to drive inclusive growth.

- **Democratic accountability:** Civic leaders must also be confident that investing public resources will deliver benefits for all communities across the West Midlands, and deliver truly inclusive, net zero growth as committed to by the WMCA Board.

2.3 Our West Midlands Plan for Growth gives a focus to bring together public, private and university partners who are best placed to use local knowledge to efficiently allocate resources and overcome barriers. The White Paper also strengthens the leadership role of Combined Authorities by integrating LEP functions and the mandate for regional economic development within Mayoral Combined Authorities. Together, we already made important strides such as establishing a new West Midlands Economic Growth Board to provide clear and democratically-accountable leadership for this agenda, working alongside business and civic leaders to deliver green, inclusive growth. This is already providing new impetus and leadership, for example, by overseeing a new, simplified and strategic approach to business support and growth – reflecting the WMCA's leadership on the UK Shared Prosperity Fund.

2.4 By taking steps to build a more cohesive system, the West Midlands has a more powerful case for further powers and resources which will address the clear economic challenges set out in the Plan for Growth. The most notable form is the Trailblazing Devolution Deal where the region is seeking a new relationship with government, with much more alignment and influence over funding streams and programmes to support business growth, greater long-term influence and additional funding to support our growth clusters.

2.5 The Plan for Growth will therefore drive greater integration across six critical and cross-cutting interventions in ways that will deliver more targeted support and secure long-term business growth.

## Direct competitive funding as part of a business support system with stronger strategic relationship management with firms

2.6 Ahead of the expected launch of Government's Enterprise Strategy later in 2022 and the conclusion of devolution negotiations, the West Midlands is taking the opportunity to reorientate its business support system. The Economic Growth Board provides leadership and decision-making including public, private, university and trade union partners. And the new business support system will be informed by the West Midlands Plan for Growth as it helps align and target investment to drive additional growth. Key elements of the system include:

- The launch of a new funding model for publicly funded business support with the **UK Shared Prosperity Fund** replacing EU-funded programmes over the next three years. This gives regional leaders in the West Midlands opportunity to direct priorities and take decisions over the £88 million allocation over the next three years across priorities of;
  - supporting local business,
  - communities and place; and
  - people and skills.
- The practical ways of enhancing the **core Growth Hub offer** envisaged by the West Midlands Business Support Review, led by LEPs and Growth Hubs. This includes a shared diagnostic, knowledge hub, significant increase in key account management of the region's 500 most strategically important firms and ways to drive take-up of targeted firms. With associated activity examining the configuration of economic functions across the region and the most effective delivery models, this paves the way for

the Economic Growth Board to set clear priority outcomes related to the Plan for Growth, linking support offers from the private and public sectors.

- Securing further direct investment in **regional business support programmes** like Made Smarter West Midlands and the Creative Growth Programme. Following successful pilot phases, delivered in conjunction with business partners and academic experts, further government investment can see these regionally commissioned and locally delivered programmes extended to more firms, aligned with major national programmes like Help to Grow.
- The **West Midlands Innovation Accelerator**, overseen by the West Midlands Innovation Board, where the vision is to double public R&D invested in the region by 2030. Announced in the Levelling-Up White Paper, the West Midlands is one of three Innovation Accelerators nationwide and will see around £33 million invested in the next three years on applied and translational research to spark commercial growth and bolster the region's R&D capability and capacity. Working in conjunction with Innovate UK and the Department for Business, Energy & Industrial Strategy (BEIS), new ways of working will build relationships to influence spending by UKRI's research councils and other Government bodies like the National Institute for Health Research. The intent is for Accelerators to help move places from good to great on applied and translational innovation with a strong commercial opportunity. The Innovation Board has considered analysis about potential areas of focus. It has homed in on clusters emphasised in the Plan for Growth - medical and clean technology, modern housing and sustainable construction - as well as practical steps to develop the region's R&D capacity and capability so the West Midlands reaps the benefits of Government's additional £5 billion investment in public R&D by 2025 on the path to reaching 2.4% of GDP by 2030.



- Clear, **private sector-led cluster leadership** which ensures that any direct competitive funding is targeted to latest business needs. The Economic Growth Board will use the Plan for Growth to streamline and strengthen cluster leadership including providing support to bodies like Create Central and Midlands Aerospace Alliance that lever additional investment. The cluster profiles in section 4 explain how private sector cluster leadership aligns with specialist regional capacity on trade, foreign direct investment and innovation.
- A **Trailblazer Devolution Deal** to provide more powers and resources for economic activities, including linking ambitious new fiscal powers and securing further investment for the Global West Midlands programme, including better connected strategic relationship management with major businesses.



## Develop future skills pathway

- 2.7 The post-pandemic recovery has created a tight labour market and for the first time in the West Midlands, job vacancies outstrip the number of those looking for work. Developing our residents' skills delivers more inclusive growth by maximising their earnings potential, and it is also good for the economy as a whole as it helps the region's firms to undertake more complex, higher value-added work – particularly across the West Midlands Plan for Growth clusters.
- 2.8 The WMCA has significant powers and funding which can be targeted to develop future skills pathways across the clusters – covering skilled new entrants to those clusters and upskilling current employees to transition to the new challenges and opportunities. This leadership role would be further bolstered by powers and resources that we hope to secure from the Trailblazer Devolution Deal. The region is seeking leadership of a West Midlands Local Skills Improvement Plan (LSIPs) which will better connect business priorities and the supply of technical and vocational training. This will span areas where we have already taken a leadership role and seek to deepen our impact, including:
- The £150 million p.a. adult skills funding devolved to the region to upskill and retrain both the future and current workforce. This funding is used to ensure that we have a workforce that can grow the economy and maximise inward investment opportunities. To bring a sharper focus to skills needs of industry, we have adopted a sectoral approach to ensure skills training is relevant and accessible through our provider network made up of colleges, universities and independent training providers.

- **Technical training pathways** that we have co-designed with employers and providers. These have focused on those seeking to upskill or retrain in areas including digital, retrofit and net zero which directly relate to the Plan for Growth cluster priorities. Through digital bootcamps, we have brought to market a cross sectoral solution for clusters that includes disciplines of AI, data analysis, software, coding and cyber.
- Apprenticeships, where in driving their uptake by SMEs, we have already developed an **apprenticeship levy transfer service generating £37.5 million of donations** with large employers. This service means SMEs in Plan for Growth cluster supply chains can access apprenticeship training at reduced cost to both secure future talent and upskill the current workforce.
- Commissioning power for the UK Shared Prosperity Fund's theme on 'people' and the Multiply programme to increase adult numeracy skills. This will increase access for under-represented groups, including over 50s and people from minority groups with the skills needed for growing clusters, as well as targeting leadership and management training to help businesses thrive.
- Developing **higher skills offers with universities and colleges** through modular training. This training aligned to clusters to support growth will develop knowledge, skills and behaviours in both upskilling and retraining of the current workforce.
- Through negotiation in our Trailblazer Devolution Deal we are seeking further powers that will enable:
  - **Greater influence over post-16 technical and**

**vocational education** and how this meets the needs of the local economy and residents

- **A new approach to co-commissioning employment support** provision in the region to ensure that programmes respond quickly and effectively to local labour market challenges, and better meet the needs of residents, businesses and local economies.
- **An all-age West Midlands Careers Service** supporting residents to make informed decisions about careers, better work and the pathways into existing and emerging opportunities

## Business location coordination and foreign direct investment

**2.9** New trade deals are being struck across the globe opening markets for West Midlands' business and creating the conditions to bring foreign direct investors to the West Midlands. That investment can be transformative for the region, creating new jobs and bringing new expertise and capacity to our supply chains that increase the region's comparative advantage.

**2.10** The WMCA commissions the West Midlands Growth Company to lead location coordination in a way that serves the needs of business. Business location coordination, with local authorities, central government, universities and business groups, means being proactive to land major investment across the whole region by helping potential investors understand how the West Midlands makes their firm stronger.



**2.11** The major business location coordination work that will support the West Midlands Plan for Growth cluster opportunities include:

- Delivery of the £23 million **Business and Tourism Programme**<sup>2</sup>. Led by the West Midlands Growth Company, the Programme is an innovative partnership with Government departments that capitalises on the global buzz created by the Commonwealth Games to secure more than £650 million of new overseas investment into the UK, and create £7 million of additional export deals by 2027, in priority sectors that align with the Plan for Growth clusters.
- Securing gear-shift private investment through the West Midlands Investment Prospectus<sup>3</sup>. The prospectus covers some £20 billion of housing, commercial and industrial projects right across the region and was launched at MIPIM in Cannes in March 2022. The UK Real Estate Investment and Infrastructure Forum in May 2022 saw the launch of the West Midlands’ ground-breaking £4 billion partnership with L&G on a seven-year programme to use private investment to help the region level up.
- Pursuing ambitious further powers and resources from Government through the **Trailblazing Devolution Deal** for our “Global West Midlands” plan. Our intention is to extend the Business and Tourism Programme’s reach and duration by co-designing and co-delivering an Internationalisation Strategy with Government. This will further embed trade and investment services into local business support provision, secure funding to boost exporters into key markets in priority clusters, and empower the region to use the Global Britain Investment Fund to incentivise new private investment in those clusters and supply chains in the West Midlands Plan for Growth. “**Global West Midlands**” also aims to secure a formal role for the Mayor in negotiating free trade agreements, putting the West Midlands at the heart of ambitious trade deals with new markets. It also seeks influence over the way the Government’s Office for Investment champions the West Midlands’ narrative to attract transformative capital funding from Sovereign Wealth Funds and institutional investors across the globe.

2 - Future mobility, Modern business services, Data-driven health and life sciences, Creative Technologies, Ecommerce and Sports Economy (related to Commonwealth Games)

3 - See: <https://www.flipsnack.com/69F967CC5A8/west-midlands-2022-investment-prospectus/full-view.html>

## Early growth fund

**2.12** Businesses need growth capital to invest in new premises and plant, R&D and mergers and acquisitions. Historically, the supply of risk capital funding for SMEs in the West Midlands for starting and scaling-up has been poor, with the West Midlands sitting in the bottom quartile for proportion of UK SME deal share and investment share. There are several support activities currently underway, but the West Midlands Plan for Growth provides deeper insight - about where growth capital can boost business, and the importance of that early growth funding complementing direct competitive funding of business, inward investment and land assembly.

**2.13** The objective is for a larger and more diverse supply of growth capital in the West Midlands, with businesses that are investment ready to use it to generate strong commercial returns. The region is building its critical mass of early growth fund activity to feed those firms with exponential growth potential:

- Growth SMEs are the fastest to gain momentum coming out of recession, tending to be more flexible and quicker to adapt to opportunity, particularly technology innovation. Recognising the constrained supply of growth capital in the West Midlands to accelerate the recovery, the WMCA has initiated the West Midland Equity Co-Investment Fund. This £25 million fund will invest equity into the region's high growth potential SMEs and act as a beacon to crowd-in further private investment. By providing initial and follow-on equity funding into high-growth potential firms registered and trading in the West Midlands, the fund also helps the WMCA collaborate with other public

and private funders so growth firms benefit from high-quality wraparound support. In January 2022, the WMCA and a partner recently concluding a soft-test to validate assumptions made on fund operating cost, deployment ability and potential fund returns. Both parties are continuing with their due diligence, working towards fund launch in September 2022 or sooner.

- Government's 2021 Spending Review announced a further £400 million for the **British Business Bank** to invest in growth businesses across the Midlands. Following the conclusion of the current phase of the Midlands Engine Investment Fund, the West Midlands looks forward to working with the British Business Bank to ensure the new funding – expected to be deployed from late 2022 onwards – drives growth in the Plan for Growth clusters.
- **University spinouts** often offer rapid growth potential but have a need for significant growth capital. Some of the region's universities have recognised the opportunity to work together so their pipeline of spinouts has access to major institutional investment and senior leadership experience. Similar successful models have developed around Toronto, Oxford and the Northern Gritstone university grouping. The expectation is that the collaborating universities will further develop the Midlands' proposition so a final decision to go to market can be made in the next 12 – 18 months and once a professional management team is in place.



- Early growth funding is vital for the successful open innovation ecosystems which give OEMs and regions as a whole a strong competitive edge. In the West Midlands, Jaguar Land Rover has, for instance, initiated the **Plug and Play UK** partnership with the University of Warwick and BT which is a huge asset to the West Midlands, launched in June 2022. It uses the global Plug and Play network to link tech start-ups, plus major early growth funding to around 30 tech businesses in the UK, and the innovation and commercial needs of OEMs.

**2.14** The West Midlands Combined Authority will build upon its leadership role in two ways. It will boost the supply of early-stage funding from public and private sources as above, and it will ensure that this is linked to a more powerful system of business support, internationalisation advice, and help with land and skills supply.



## Land assembly and infrastructure fund

**2.15** The West Midlands has been at the vanguard of regenerating brownfield land negotiating pioneering funding deals with Government. This includes securing a £100 million Land Fund in 2018, an £84 million Brownfield Housing Fund in 2020 and a £24 million National Competitive fund in 2020 to acquire and remediate land around priority sites, plus additional support of up to £250 million for infrastructure provision to enable housing and economic growth with additional announcements of £28 million and £17.4 million have also recently been secured. The Combined Authority have a dedicated in-house team to deploy the funding to eligible sites through the Single Commissioning Framework which provides a single portal for applicants to access devolved funds and places the criteria to access that funding clearly and transparently upfront.

**2.16** The Single Commissioning Framework supports the principles of zero carbon and advanced methods of construction on sites deployed through the land funds. There are specific criteria which puts an onus on meeting Future Homes Standards and facilitating modular construction and applicants are encouraged to deliver sites which demonstrate a commitment to these principles. This stimulates demand for the Plan for Growth's manufacturing of future housing cluster using Advanced Methods of Construction (AMC).



**2.17** Current devolution negotiations with Government are focused on securing a more flexible approach to funding commercial and housing developments, including appropriate infrastructure provision. This will enable mixed-use regeneration of sites with a stronger emphasis on ‘place-making’, providing not only opportunities for people to live, but places for business to locate, people to work in and cultural and physical activity. This is central to our philosophy of levelling-up zones with larger-scale regeneration along corridors and within town centres made possible with this approach.

**2.18** The West Midlands Investment Prospectus, launched at MIPIM in March, highlights over 20 major schemes with a development value of over £15 billion. As well as attracting large-scale commercial and mixed-use investments, the Combined Authority also uses its policy initiatives to support growth in the Plan for Growth clusters. Partnership endorsed routemaps and charters set out the principles and actions needed to embed Advanced Methods of Construction, zero carbon and good design into brownfield sites. A recent addition is the Public Land Charter adopted in 2022 which encourages the redevelopment of public land, including for commercial purposes which gives the clusters appropriate space to flourish.



## Transport and infrastructure fund

2.19 Cluster growth depends on companies competing and collaborating around shared commercial interests. Those places that offer the best infrastructure for collaboration see the strongest cluster growth, which gives the greatest returns. The West Midlands is continuing its work to secure public and private investment to deliver that world-class transport, energy and digital infrastructure which will underpin growth across the region's primary and nascent clusters:

- Following the #WM2041 commitment to be net zero carbon in less than two decades, energy and a sustainable environment is a non-negotiable regional priority. Through the Trailblazer Devolution Deal under negotiation with government, we are seeking practical support for local energy planning so the West Midlands can invest in **zero carbon, reliable and competitively priced energy**. This change provides a commercial opportunity too, as firms in target Plan for Growth clusters adapt processes and workforces to integrate new supply, with needs for complementary support on future skills and competitive business support.
- After securing the WM5G programme in 2019, the West Midlands has become the best connected 5G region in the country. The Levelling-Up White Paper committed Government and the WMCA to build upon this with the West Midlands Smart City Region proposal which will drive UK-leading digital connectivity by using sensors, data and connectivity to optimise, and then transform, supply and demand in related Plan for Growth clusters across:
  - **Health and social care** – with smart prevention, diagnosis and monitoring.
  - **Transport** – by smart infrastructure management on road and rail networks.
  - **Energy** – with an advanced energy simulator to allow deep understanding of energy consumption to improve management of energy distribution.
- The WMCA is in the process of securing a partner to champion the region's digital economy, spearheaded by a new Tech Commissioner, and by supporting an international network of tech ambassadors with links to the West Midlands. The partnership will shape use of the Co-Invest Fund and digital workspaces to meet the digital needs of priority and nascent clusters.
- Creating conditions for cluster growth also depends on getting local transport and public realm infrastructure to work well so customers, workers and goods move around efficiently. The £4.8 billion national Levelling-Up Fund provides local authorities with funding to lead those changes, working in conjunction with MPs and local businesses. Early examples of projects in the West Midlands secured by local authorities that are supporting growth in key clusters include:
  - **Birmingham** - £20 million for the A457 Dudley Road Improvement Scheme, upgrading junctions, new bus lanes, new segregated cycle routes, widened footways and a new footbridge which, for example, helps connect a major hospital with medical technology assets.



- **Wolverhampton** - £20 million for the City Learning Quarter so 45,000 people can develop skills in excellent facilities and 7,500 apprentices start in businesses over the next 10 years, linked to the economic priorities in the region.
- At the regional level, the West Midlands is the UK's first Future Transport Zone, enabling rapid scaling up of new transport system solutions focused on travellers across all major urban centres in the UK. The Zone will trail new transport technologies and services which supports the logistics and distribution cluster in particular and also underpins all Plan for Growth activity by connecting business to wider labour markets. In this vein, Transport for West Midlands (TfWM) has recently updated the local transport plan to take account of major changes in technology and behaviour. As well as improving accessibility and reducing traffic across the region, the plan drives the electrification of transport which relates to cluster opportunities. It has helped secure further game-changing investment, including over £1 billion from Government's Sustainable Transport Settlement to install 1,000 electric vehicle charging points as well as ultra-fast charging facilities for electric heavy goods vehicles, vans and buses. By investing in new strategic transport connectivity like the University Station, the multi-billion West Midlands Investment Programme is providing clusters like med-tech with the connectivity they need to grow.





## Cluster growth profiles:

<b>Cluster: Manufacturing of electrical light vehicles and associated battery storage devices</b> Additional growth opportunity: a further £850m – £950m of output and 11,200 to 12,400 jobs by matching the growth trajectory of the leading UK region for similar clusters		
<b>Opportunity:</b> <ul style="list-style-type: none"> <li>Supporting transition of manufacturing capacity and associated supply chain from internal combustion to electric vehicle (EV) volume production.</li> <li>Batteries make up c40% of the cost of a new EV car and to keep this value within the region a large Gigafactory battery manufacturing facility is required. Gigafactories are still uncommon in the UK and Europe but require significant public investment.</li> <li>The battery lifecycle and environmental considerations means new opportunities in end-to-end battery management, including recycling.</li> </ul>	<b>Concentrations in the West Midlands:</b> <ul style="list-style-type: none"> <li>Sandwell</li> <li>Walsall</li> <li>Solihull</li> <li>Birmingham</li> <li>Stratford</li> <li>Coventry</li> </ul>	<b>Business leadership details:</b> <ul style="list-style-type: none"> <li>National bodies like SMMT</li> <li>West Midlands Automation WMG Electrification Task Force</li> </ul>
<b>Nature of comparative advantage:</b> <ul style="list-style-type: none"> <li>Established OEM and automotive supply chains</li> <li>National assets based in the West Midlands - UK Battery Industrialisation Centre and Advanced Propulsion Centre.</li> <li>Translational expertise in WMG and the Manufacturing Technology Centre.</li> <li>Expertise in associated chemicals / battery processing and recycling across West Midlands universities.</li> <li>Future British Volt facility at Hams Hall</li> </ul>	<b>Priority projects</b> <ul style="list-style-type: none"> <li>Support Gigafactory investment. West Midlands Gigafactory at Coventry Airport has received planning permission with focus now on securing investment from a developer.</li> <li>Support supply chain transition to electric vehicles.</li> <li>Accelerate EV charging and recycling infrastructure.</li> <li>Exploit role of Plug and Play UK: Future Mobility in its ability to attract global start-ups to grow in the West Midlands and support EV supply chains.</li> </ul>	<b>Major cross-cutting interventions:</b> <ul style="list-style-type: none"> <li>Develop future skills pathway</li> <li>Location coordination</li> <li>Direct competitive funding</li> </ul>

## Cluster: Health-tech and med-tech

Additional growth opportunity: a further £400m to £430m of output and 5,300 to 5,900 jobs by matching the growth trajectory of the leading UK region for similar clusters

<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>• Major increase in public and private R&amp;D outside Greater South East as part of Government's commitment to the 2.4% target.</li> <li>• Government commitment to invest in diagnostics and early intervention hubs.</li> <li>• Medical technologies being embedded into variety of lifestyle devices.</li> <li>• International trade deals open up new markets and regulatory freedoms.</li> </ul>	<p><b>Concentrations in the West Midlands:</b></p> <ul style="list-style-type: none"> <li>• Birmingham</li> <li>• East Staffordshire</li> <li>• Rugby</li> </ul>	<p><b>Sector leadership details:</b></p> <ul style="list-style-type: none"> <li>• Business leadership from bodies like Medilink Midlands, West Midlands Health Tech Cluster Body and national Association of Health-Tech Businesses.</li> <li>• University and hospital networks like Midlands Innovation Health, Birmingham Health Partners and the West Midlands Academic Health Science Network.</li> </ul>
<p><b>Nature of comparative advantage:</b></p> <ul style="list-style-type: none"> <li>• West Midlands is home to several large medical research facilities and the Centre for Translational Medicine with a large and diverse population.</li> <li>• The West Midlands' engineering and materials expertise is directly relevant to the development and manufacture of medical devices.</li> <li>• The region's universities produce 11,000 medical science graduates each year, plus allied higher-level skills in engineering and data.</li> <li>• Private and public investment into world-class facilities, such as the Birmingham Health Innovation Campus and Rosalind Franklin Laboratory in Leamington.</li> </ul>	<p><b>Priority projects</b></p> <ul style="list-style-type: none"> <li>• Boost inward investment from the data-driven health strand of the Business and Tourism Programme, linked to the Department for International Trade's Life Sciences Opportunity Zone status for the Birmingham Health Innovation Campus.</li> <li>• Work in conjunction with universities and institutional investors to ensure spinouts receive the early growth funding and commercial leadership they need to scale and compete internationally.</li> <li>• Proactively ensure that business has the sites and utilities they need to scale research and manufacturing facilities right across the region.</li> </ul>	<p><b>Major cross-cutting interventions:</b></p> <ul style="list-style-type: none"> <li>• Develop future skills pathway</li> <li>• Location coordination and FDI</li> <li>• Early growth fund</li> <li>• Land assembly and infrastructure fund</li> </ul>

## Cluster: Aerospace (including manufacturing alternative fuels)

Additional growth opportunity: a further £80m – £90m of output and 900 – 1,000 jobs by 2030 by beating the average growth profile for UK for similar clusters

<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>Major market disruption in pursuit of net zero and embedding new technology. West Midlands has expertise in related industries (e.g. metals and materials).</li> <li>Military aerospace accounts for 20% of the West Midlands aerospace market, compared to 50% across the UK. Though the military market is smaller, and the civil market is forecast to experience higher growth in the long term, the military sector is also associated with higher R&amp;D, which brings high GVA jobs to the region.</li> <li>Opportunity for lower-tier specialist aerospace suppliers to pivot technologies into new industries.</li> </ul>	<p><b>Concentrations in the West Midlands:</b></p> <ul style="list-style-type: none"> <li>Wolverhampton</li> <li>Dudley</li> <li>Nuneaton &amp; Bedworth</li> </ul>	<p><b>Business leadership details:</b></p> <ul style="list-style-type: none"> <li>Business leadership provided by the Midlands Aerospace Alliance</li> </ul>
<p><b>Nature of comparative advantage:</b></p> <ul style="list-style-type: none"> <li>Connections with OEMs located nearby, plus large passenger (Birmingham) and freight (East Midlands) airports nearby.</li> <li>Strengths in dependent industries such as metals and materials, propulsion technology.</li> <li>Strong business leadership via the Midlands Aerospace Alliance.</li> <li>Good critical mass of skilled workers in advanced engineering.</li> </ul>	<p><b>Priority projects</b></p> <ul style="list-style-type: none"> <li>Support cross-sector R&amp;D and support to SME suppliers with abilities to diversify into (and out of) aerospace supply chains.</li> <li>Step up strategic relationship management with foreign-owned aerospace firms.</li> <li>Invest in advanced engineering and digital skills to help workers progress to higher-skilled roles and increase resilience of the cluster.</li> </ul>	<p><b>Major cross-cutting interventions:</b></p> <ul style="list-style-type: none"> <li>Develop future skills pathway</li> <li>Direct competitive funding, including stimulating cross-sector R&amp;D and innovation and helping SMEs pivot across aerospace and other industries.</li> <li>Location coordination and FDI</li> </ul>

## Cluster: Logistics and distribution

Additional growth opportunity: a further £280m – £290m of output and 5,500 to 6,000 jobs by accelerating the already high growth prospects by additional 1% per annum

<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>• Market growth and disruption following pandemic boom in ecommerce and new consumer behaviours.</li> <li>• Net zero and clean air commitments reimagines new forms of local distribution.</li> <li>• Trade frictions with EU asks new questions of logistics firms.</li> <li>• West Midlands can specifically increase market share and productive capacity by providing high quality infrastructure, improving connectivity and raising the productivity of the existing workforce.</li> </ul>	<p><b>Concentrations in the West Midlands:</b></p> <ul style="list-style-type: none"> <li>• Walsall</li> <li>• Cannock Chase</li> <li>• Tamworth</li> <li>• Solihull</li> <li>• Rugby</li> <li>• North Warwickshire</li> </ul>	<p><b>Sector leadership details:</b></p> <ul style="list-style-type: none"> <li>• West Midlands partners working alongside national trade bodies including Logistics UK and Road Haulage Association</li> </ul>
<p><b>Nature of comparative advantage:</b></p> <ul style="list-style-type: none"> <li>• UK's manufacturing heartland provides strong demand for logistics and distribution.</li> <li>• Geographical position and transport connectivity (including road and rail) for freight, with links to East Midlands Airport and seaports around UK.</li> <li>• UK HQs of major logistics firms sited in region.</li> <li>• Coventry's trial of a first urban drone airport.</li> <li>• Strong tech and service economy helps use distribution capacity in a smarter way.</li> </ul>	<p><b>Priority projects</b></p> <ul style="list-style-type: none"> <li>• Collaborate with industry and training providers to increase supply of skills, including HGV drivers.</li> <li>• Improve region's rail and road infrastructure including the Smart City Region Programme, to make networks more reliable and efficient.</li> <li>• Commercial development of brownfield land in West Midlands Investment Prospectus creates new logistics and distribution facilities with greater technology and higher-level skills.</li> </ul>	<p><b>Major cross-cutting interventions:</b></p> <ul style="list-style-type: none"> <li>• Develop future skills pathway</li> <li>• Transport and infrastructure</li> <li>• Land assembly and infrastructure fund</li> </ul>



## Cluster: Professional and financial services and supply chain

Additional growth opportunity: a further £580m to £630m output and 8,500 to 9,400 jobs by matching the growth trajectory of the leading UK region for similar clusters

<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>• UK has strong global position and service industries subject to fewer trade frictions than goods.</li> <li>• West Midlands has large base of professional and financial services firms with opportunity to move up the value chain by using strategic relationship management to showcase regional capabilities and help secure higher-value activity.</li> <li>• Strengthen connections between industry and academia to develop and apply new digital approaches quickly, sparking growth in nascent clusters like EdTech.</li> </ul>	<p><b>Concentrations in the West Midlands:</b></p> <ul style="list-style-type: none"> <li>• Birmingham</li> <li>• Coventry</li> <li>• Wolverhampton</li> </ul>	<p><b>Business leadership details:</b></p> <ul style="list-style-type: none"> <li>• West Midlands Growth Company, working in conjunction with SuperTech and trade bodies.</li> </ul>
<p><b>Nature of comparative advantage:</b></p> <ul style="list-style-type: none"> <li>• Well-connected region provides a sizable labour pool for large professional and financial services businesses.</li> <li>• Large and diverse economic base which gives professional and financial services firms opportunity to develop offers and services that can be sold abroad.</li> <li>• Significant private investment pipeline including major global brands.</li> </ul>	<p><b>Priority projects</b></p> <ul style="list-style-type: none"> <li>• Deliver £1bn+ transport infrastructure programme to improve connectivity of major city centre concentrations of clusters to maximise pool of workers and provide opportunities in all parts of the region.</li> <li>• Capitalise on pipeline of FDI stimulated as a priority in the Commonwealth Games Business and Tourism Programme.</li> <li>• Stimulate the whole digital sector by engaging a Tech Commissioner and develop a global network of ambassadors to connect West Midlands' firms to international opportunities.</li> <li>• Deploy West Midlands Co-Invest Fund to help tech scale-ups grow rapidly.</li> </ul>	<p><b>Major cross-cutting interventions:</b></p> <ul style="list-style-type: none"> <li>• Location coordination and FDI</li> <li>• Early Growth Fund</li> <li>• Transport and infrastructure fund</li> </ul>

## Cluster: Creative content production and gaming

Additional growth opportunity: a further £55m to £65m of output and 1,100 to 1,500 jobs by matching the growth trajectory of the leading UK region for similar clusters

<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>• Growing international markets where UK has a strong, established position.</li> <li>• West Midlands now ‘on the map’ for creative industries and can showcase strong brands, rooted in the region.</li> <li>• Significant private and public investment in the West Midlands including the BBC investing in its new regional HQ and bringing MasterChef to Birmingham and the £18m Creative Content Hub at The Bond, Digbeth.</li> </ul>	<p><b>Concentrations in the West Midlands:</b></p> <ul style="list-style-type: none"> <li>• Birmingham</li> <li>• Warwick</li> </ul>	<p><b>Business leadership details:</b></p> <ul style="list-style-type: none"> <li>• Create Central formed in 2019 with wholly business-led Board.</li> <li>• Create Central delivered initial creative content cluster growth programme, funded by BFI and WMCA, with positive independent evaluation from BOP.</li> <li>• Economic Growth Board supported Create Central’s work to develop a long-term cluster plan during 2022</li> </ul>
<p><b>Nature of comparative advantage:</b></p> <ul style="list-style-type: none"> <li>• Create Central giving coherent leadership with 10yr plan, building on the 3yr cluster development growth plan funded by the British Film Institute.</li> <li>• Screen School opened in Wolverhampton and £0.5m specialist skills bootcamp in West Midlands for creative content businesses.</li> <li>• Region has boosted its national profile, including hosting national Creative Cities Convention in Birmingham in April and 10 Create Central Champions.</li> <li>• First UK region to sign an MoU with the eSports Federation following its debuting at Commonwealth Games.</li> </ul>	<p><b>Priority projects</b></p> <ul style="list-style-type: none"> <li>• Reap full economic and social impact of the region’s Memorandum of Understanding with the BBC and similar commitments with major content commissioners.</li> <li>• Support further public and private investment around the Digbeth Loc project and opportunities with the Digital Catapult on immersive technology.</li> <li>• Drive cross-sector R&amp;D collaborations, building on existing PIVOT programmes like the Innovate:Create partnerships between small creative firms with Commonwealth Games and National Express</li> <li>• Deploy West Midlands Co-Invest Fund to help IP-rich creative firms grow rapidly.</li> </ul>	<p><b>Major cross-cutting interventions:</b></p> <ul style="list-style-type: none"> <li>• Develop future skills pathway</li> <li>• Location coordination</li> <li>• Direct competitive funding</li> <li>• Early growth fund</li> </ul>

## Cluster: Manufacturing of future housing

Additional growth opportunity: a further £320m to £220m of output and 3,400 to 3,700 jobs by beating the average growth profile for UK for similar clusters

<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>• Net zero priorities, new technologies and supply of traditional trades drive need for new techniques.</li> <li>• Technologies established and needs scale in UK, which can relate to the opportunities for large-scale brownfield redevelopment which is particularly concentrated in the Black Country.</li> <li>• Significant opportunities for advanced manufacture in construction in retrofit market</li> </ul>	<p><b>Concentrations in the West Midlands:</b></p> <ul style="list-style-type: none"> <li>• Wolverhampton</li> <li>• Dudley</li> <li>• Coventry</li> <li>• Wyre Forest</li> </ul>	<p><b>Business leadership details:</b></p> <ul style="list-style-type: none"> <li>• This business cluster leadership is evolving, bringing together expertise in construction and advanced manufacturing.</li> <li>• The WMCA will proactively work with industry leaders to support cluster leadership.</li> </ul>
<p><b>Nature of comparative advantage:</b></p> <ul style="list-style-type: none"> <li>• Expertise from over £200m of public investment in brownfield development and the Future Homes Standard linked to the region's Single Commissioning Framework.</li> <li>• National Brownfield Institute in Wolverhampton and public and private expertise in land remediation and planning.</li> <li>• Engineering and manufacturing skills base that underpins modular housing manufacturing supply chains.</li> </ul>	<p><b>Priority projects</b></p> <ul style="list-style-type: none"> <li>• Implement and accelerate the regional zero carbon homes route map, including scaling-up the supply of appropriate, viable sites.</li> <li>• Locate centre of excellence in West Midlands, allied to intensive skills programmes.</li> <li>• Proactively target advanced building manufacturers investing in the region based on existing supply chains.</li> </ul>	<p><b>Major cross-cutting interventions:</b></p> <ul style="list-style-type: none"> <li>• Develop future skills pathway</li> <li>• Location coordination</li> <li>• Land assembly and infrastructure fund</li> </ul>

### Cluster: Modern and low carbon utilities

Additional growth opportunity: a further £420m to £470m of output and 4,400 to 4,900 jobs by matching the growth trajectory of the leading UK region for similar clusters

<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>• Net zero priorities, consumer behaviour and new technologies disrupting established markets.</li> <li>• Energy price spikes changing cost-benefit investment dynamics.</li> <li>• Utilities firms have major investment plans over the next decade which prioritise new technologies.</li> <li>• Innovation Accelerator to enhance investment, collaboration and innovation across the cluster.</li> </ul>	<p><b>Concentrations in the West Midlands:</b></p> <ul style="list-style-type: none"> <li>• Warwick</li> <li>• Coventry</li> <li>• Sandwell</li> <li>• Solihull</li> </ul>	<p><b>Cluster leadership details:</b></p> <ul style="list-style-type: none"> <li>• Business leadership provided by Energy Capital</li> </ul>
<p><b>Nature of comparative advantage:</b></p> <ul style="list-style-type: none"> <li>• West Midlands has concentration of energy and utilities firms, along with research assets like the Tyseley Energy Park and academic research base.</li> <li>• Manufacturing and engineering capabilities including supply chains for wind, solar PV and biomass in the region.</li> <li>• Detailed blueprint for energy security for energy-intensive industry base through Repowering the Black Country project.</li> <li>• West Midlands Circular Economy Routemap with case for industrial symbiosis programmes.</li> </ul>	<p><b>Priority projects</b></p> <ul style="list-style-type: none"> <li>• Secure Trailblazing Devolution Deal agreement with freedoms and resources for local energy system planning to support scale-up of industrial energy networks similar to the Repowering the Black Country model.</li> <li>• Secure funding for National Centre for Decarbonisation of Heat, working alongside Tyseley Energy Park.</li> <li>• Explore competitive business programmes to re-purpose waste e.g. WMG's recent initiative to reuse waste carbon from aerospace to turn waste water and sewerage in to hydrogen, or working with industry to trap waste heat to use for municipal heating.</li> <li>• Develop skills plan and target funding and investment towards new low carbon skills focused on smart grid technologies, project management, sustainable construction and manufacturing methods and energy data systems.</li> </ul>	<p><b>Major cross-cutting interventions:</b></p> <ul style="list-style-type: none"> <li>• Develop future skills pathway</li> <li>• Direct competitive funding</li> <li>• Land assembly and infrastructure fund</li> </ul>





# West Midlands Combined Authority



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