

# West Midlands Futures Green Paper

April 2025



West Midlands  
Combined Authority

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## Foreword from the Mayor of the West Midlands

As the Mayor of the West Midlands, I am proud to present the West Midlands Futures Green Paper. This document is a testament to our region's unwavering commitment to inclusive economic growth and transformation. Over the past decade, our region has shown remarkable resilience and adaptability, navigating through a myriad of challenges and opportunities and as we face an equally uncertain future, it foreshadows a framework for stability and resilience that will shape our economy for the decade to come.

In my first year as mayor, I have often emphasised the importance of inclusive growth—what I call "Growth for Everyone." This principle is at the heart of our strategic vision. Our aim is founded upon investment in our high-growth clusters, but it is also to ensure that this growth benefits every individual, business, and community in the West Midlands. We want our schools, colleges, and universities to equip our people with the skills needed for a green and digital economy. We want our high streets, town centres and communities to be vibrant spaces where people live, work, and play.

The arrival of HS2 and our unrivalled connectivity to the rest of the country are pivotal to our regional development. The cranes scattered across Birmingham's horizon are not just symbols of construction; they are beacons of investment, confidence and progress. The opportunities in the wider West Midlands are equally promising, with Coventry benefiting from deep knowledge capital and high-value manufacturing, and the Black Country serving as a hub for construction and green innovation. Our £77 billion economy is poised for even greater expansion, driven by the innovative ideas and entrepreneurial spirit of those who live and work here.

This Green Paper presents four significant areas of change on the horizon, with growth being the golden thread running through each. It poses essential questions about the direction of our journey and how we can seize the opportunities before us. The West Midlands Combined Authority will play a central role in convening and investing in this transformation, but we will do so in lockstep with our partners—because it is only by working together as a region that we will marshal our collective resources to sustain economic transformation at scale.

I invite everyone with a stake in the West Midlands' economic future—local government, universities, businesses, investors, public services, utilities, faith, grassroots and community organisations, and citizens—to engage with this Green Paper. Your insights and responses will shape our strategies and help us realise our vision of Growth for Everyone.

Thank you for your commitment to our region's future. Together, we will build a prosperous and inclusive West Midlands.

Richard Parker, Mayor of the West Midlands

## Executive Summary

The West Midlands is changing. The cranes scattered across the horizon in Birmingham city centre paints a picture of **investment and innovation** anchored around the arrival of HS2, one of the biggest infrastructure projects in Europe, and our **unrivalled connectivity** to the rest of the country. Our schools, colleges and universities are evolving to ensure our **people**—and the next generation of one of the UK's youngest, fastest growing city regions—have the skills they need for jobs in a green and digital economy. Our high streets, town centres and transport hubs are becoming places where we live and play, not just places where we shop or work. And since the pandemic, we have realised the importance of protecting and enhancing our parks, waterways, heritage and countryside. All are the ingredients of our £77 billion economy—almost twice the size of Oxford and Cambridge combined—our **scale** and growth potential setting us apart from the rest.

Our structures and strategies are changing too. A new national government and a new mayor are exercising their mandates for change through new legislation, new policies and programmes, many of which are designed to stimulate growth, not least here in the West Midlands. Within the region, the leaders of our constituent local authorities have initiated a West Midlands Partnership Plan, the goals of which—to clarify our shared strategic priorities and strengthen ways of working—are taken forward through this Green Paper. [The English Devolution White Paper](#) sets out a new framework for devolution in England, with the West Midlands leading the way, and a statutory duty to produce a Local Growth Plan<sup>i</sup>. The Planning and Infrastructure Bill proposes that every region develops a spatial development strategy to shape and direct regional investment in housing and commercial development. And the government's [Clean Power 2030 Action Plan](#) sets a clear direction for the future of the energy system with regions powering the future<sup>ii</sup>.

These changes are important because they are opportunities to advance the region from where it stands today towards a more prosperous future. As we outline below - and in the West Midlands Theory of Growth that accompanies this Green Paper- the region's economy is not at its full potential. But by harnessing our distinctive strengths, building on our strong foundations and prioritising our collective efforts as a region on what needs to change, the 'prize' is clear: higher living standards for our residents and a stronger regional—and national—economy.

West Midlands Futures was started over a year ago to help us navigate this change over the coming decade. It began with a series of over 70 interviews with key stakeholders from around the region and nationally to clarify how we see the big challenges facing the region<sup>iii</sup>. Since then, we have been building an evidence base to better understand those challenges and what can be done to make sure change benefits everyone<sup>iv</sup>. And now—as changes to the policy context become clearer—we want to know what our people and businesses think about change. **It is essential that as our future plans are developed, they are informed by the experiences of the individuals, businesses and local communities they are being designed to support.**

This Green Paper sets out four big areas of change on the horizon and how regional stakeholders—led by the West Midlands Combined Authority—are beginning to respond to them. The golden thread that runs right through it is growth. In each area, we are asking a handful of questions. We want to know your opinions about the direction of travel and how we seize the many opportunities we have before us.

## About the West Midlands Futures Green Paper

**This is the West Midlands Futures Green Paper.** Its purpose is to support a conversation across the West Midlands to affirm and crystallise our long-term strategic economic priorities as a region, as we embark on a ten-year programme of economic transformation to increase our residents' living standards.

**Why now?** The West Midlands is approaching ten years of devolution. Against the backdrop of the opportunities and changes outlined above, now is the right time to be crystal clear about what our challenges and opportunities are both today and tomorrow, what we need to prioritise in order to address them, and the levers we will pull together to make change happen. This is not about ripping everything up and starting again. Rather the Green Paper brings together and evolves what we are already doing into a more coherent strategic fit for the decade and its opportunities ahead of us.

**Who is it for?** The Green Paper is for everyone who has a shared stake and role in the West Midlands' economic transformation: local government, universities, colleges and schools, businesses and private sector organisations, investors, central government, key public services, utilities and community organisations and our citizens themselves. Together, we will marshal our collective resources and capabilities to sustain economic transformation at scale. The WMCA has a leadership role in convening and investing in transformation, but in lockstep with our partners.

**How will the Green Paper be used?** Our strategic economic priorities, as affirmed through this Green Paper, will help the West Midlands to focus its collective resources on what is going to shift the dial. Our priorities will guide how we use our existing and future devolved powers and budgets and provide a focus for the existing and new regional partnerships we will develop to deliver collective change. In the near-term, your responses to this Green Paper will shape the West Midlands Growth Plan due to be published in the summer. Looking beyond that, your responses will help to shape our approach to the West Midlands Spatial Development Strategy, our approach to public service innovation, and the new Net Zero Five Year Plan.

**What's in it?** **Chapter 1** looks at economic growth and the development of our West Midlands Growth Plan, underpinned by detailed evidence—and The West Midlands Theory of Growth—that we have published alongside this report<sup>v</sup>. **Chapter 2** is all about our places and how we will realise their full economic potential. **Chapter 3** looks at the importance of transforming our public services to make sure everyone has the opportunity to live a healthy life in this region. **Chapter 4** reminds us of the opportunities and challenges of our Net Zero future as we prepare to develop a second regional Five Year Plan to meet our #WM2041 target for net zero emissions. **Chapter 5** brings all of the above together, sets out how we will work together to turn our agenda for economic transformation into change on the ground and details how you can get involved in the conversation about the themes covered in the Green Paper.

# Chapter 1 The West Midlands Growth Plan

## Our economic opportunity and foundations for growth

**Our scale.** There is no route to a more productive and prosperous UK that doesn't include the West Midlands making a bigger contribution to national growth. At £77 billion, the West Midlands represents about 3.5% of the national economy, is almost double the size of Oxford and Cambridge and is home to world-leading innovation clusters. Making our economy as productive as the UK average would deliver a £12 billion boost to the regional and UK economy, the largest growth dividend of any city-region.

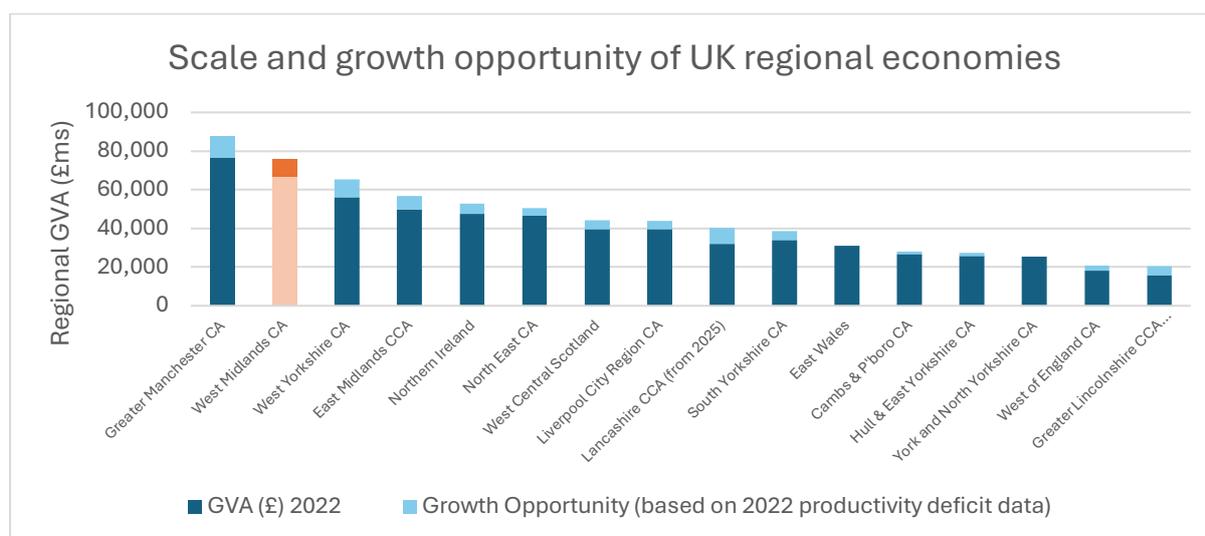


Figure 1: Bar Chart showing scale and growth opportunity of UK combined authority and other city-regional economies that have lower levels of productivity

**Our young and diverse demography.** The West Midlands is both the most populous and youngest city region outside London, with a median age of 36.6 years, a third of the people under the age of 25 and nearly a quarter under 18. As one of very few city-regions where a young and diverse population is expected to grow in the coming decade, our long-term growth - and that of the UK - will be activated by the ingenuity and skill of our young people working in more productive businesses.

**Our connectivity.** Our economic geography is an asset. Sitting at the centre of the nation - 90% of all people and businesses live within a 4-hour journey of England's beating heart - success in the West Midlands comes from wringing full value from the major UK investment in HS2. Birmingham is a resurgent core city, our engine for growth and agglomeration, complemented by Solihull, home to the airport, the NEC and the new HS2 interchange station. Wolverhampton and the wider Black Country are our corridors for green innovation with unrivalled transport connectivity to the UK's second city, while Coventry and its links into Warwickshire benefit from deep knowledge capital and highly-value manufacturing. As commuting patterns and supply chains evolve, the West Midlands has the "goldilocks" geography to combine scale, resilience and quality of life.

**Our investment and innovation records.** The West Midlands is also in the top 10 of investment hubs in Europe. After significant investment in Foreign Direct Investment (FDI) and trade services linked to the Birmingham 2022 Commonwealth Games, 127 global

businesses had the confidence to invest in 2023, placing the West Midlands above Bavaria and Catalonia and making it the second biggest and fastest growing region for FDI in England. We are recognised by the EU as only one of two regional innovation valleys in the UK and were one of three finalists in the European Capital of Innovation Awards 2024 and have the highest ratio for leveraging private sector investment in research and development.

#	Region	Number of Projects in 2023	Number of Projects in 2022	Change 2022/23	Number of Jobs in 2023
1	Greater London	359	299	+20%	13,627
2	Île-de-France	300	326	-8%	8,339
3	North Rhine-Westphalia	197	277	-29%	3,773
4	Auvergne-Rhône-Alpes	167	154	+8%	4,163
5	Flemish Region	145	160	-9%	4,293
6	Scotland	142	126	+13%	6,650
7	West Midlands	127	74	+72%	6,784
8	Bavaria	126	150	-16%	792
9	Grand Est	119	95	+25%	5,576
10	Catalonia	118	83	+42%	7,506
	All others	3,894	4,218	-8%	258,420
	Total	5,694	5,962	-4%	319,923

Source: EY European Investment Monitor (EIM), 2022/23

Figure 2: Table showing top 10 European regions by number of new FDI projects (2023)

With unprecedented international turbulence in global trade, the UK is viewed positively for its stability. Allied to this, the West Midlands' cohesion and ambition doesn't just build a compelling offer for investors now but our Growth Plan will set the terms for a long-term relationship where we will work with agility and pragmatism across civic institutions, universities, colleges, business clusters and Government departments to address the twists and turns of global change. Our priority on business leadership and investment below explains further how we will capitalise on being the first region to develop a joint International Strategy with central Government to drive future inward investment.

This West Midlands Growth Plan, backed by the of Government's English Devolution White Paper and the West Midlands' first Integrated Settlement<sup>vi</sup>, represents a milestone in the long-term rejuvenation of the region. Perhaps more so than most English regions, our economic fortunes have suffered from central government decisions. In the 1950s and 60s, government legislation intentionally curtailed Birmingham's growth; in the last decades of the twentieth century deindustrialisation sapped our strength; and even in recent years, the West Midlands has struggled more than most to return to levels of productivity seen before the financial crisis and pandemic. Without change our economy will continue to flatline.

For our residents, the consequences of this are clear: our people live shorter lives, spend more of those years in poor health, and struggle to gain the skills and qualifications they

need to achieve their full potential<sup>vii</sup>. Meanwhile, our great cities that were home to the industrial revolution do not have the physical infrastructure and social amenities our businesses and investors rightly expect.

But the foundations for growth – our scale, our demography, our investment and innovation records and our connectivity – in the West Midlands are all present. Far from being a limitation, the make-up of our regional economy – our industrial composition – is a source of strength. We are one of only two regions where Government has recognised our sector strengths across all eight priorities of the modern Industrial Strategy and our business clusters are global leaders in the products and services that will define the 21<sup>st</sup> century. They sit at the interface between traditional industrial sectors like manufacturing and logistics and emerging new technologies and tradable services.

### **The West Midlands Theory of Growth**

Building on these foundations, we have developed a West Midlands Theory of Growth—based on our emerging evidence base—which sets out 12 bold propositions concerning what we believe will be the key components to reawaken regional productivity and realise the West Midlands’ full economic potential. While we face similar challenges and opportunities to other regions and can learn lessons from those, our Theory of Growth is specific to our region and tailored to our vision of inclusive growth. And it is designed to be tested: our theory is the basis for action-learning so that as we develop and implement new programmes to promote growth in the region, we can better understand what is working, and what isn’t. Our Theory of Growth is summarised in Annex 1 and can be read in full online<sup>viii</sup>.

### **Questions**

- 1) Do you agree that our scale, demography, connectivity and investment and innovation records represent the foundations for economic growth in the West Midlands?**

## An emerging vision for the West Midlands economy

**In the West Midlands, our vision is that economic growth will be created by more productive businesses, unleashed by human-centred innovation, activated by its diverse and growing population, and rooted in thriving places at the heart of the national economy.**

*Different elements of the vision will be considered in more detail in the following sections of the Green Paper.*

In technical terms, economic growth is often measured by the productivity of work - that is, getting the most economic value from the time spent working on it. This is vital for our region. Currently, West Midlands businesses are less productive than their comparators in other city-regions. According to the latest data available, the average gross value added (GVA) per hour worked in the WMCA area was £34.50 compared with £36.60 in Greater Manchester and the UK average of £39.50<sup>ix</sup>. While these may seem like small differences, if our regional productivity was on a par with the national average, our regional economy would be £12 billion bigger than it is.

But while productivity growth is our main focus, it isn't our only concern. The West Midlands faces a greater deprivation and poverty challenge than other regions; we cannot ignore a large share of our residents and allow economic growth to pass them by. This would only increase regional inequality and store up the costs of it for society and public services. Our growth plans must then realise the human potential of the greatest number of our residents.

We have got to increase the numbers of people in well-paid, good-quality jobs and this means tackling our high levels of unemployment and economic inactivity. And we have got to ensure that the jobs people take are productive and well paid so that we see improvements in living standards and healthier lives across all parts of the region.

In 2019, the WMCA adopted a definition of 'inclusive growth' which we believe should remain at the centre of our West Midlands Growth Plan. It says that we should work for:

***A more deliberate and socially purposeful model of economic growth - measured not only by how fast or aggressive it is; but also, by how well it is created and shared across the whole population and place, and by the social and environmental outcomes it realises for our people.***

The challenges and trade-offs concerning how we unleash more inclusive growth are very real. Should we invest more in entry-level or higher-level skills? Should we concentrate on building social housing or regenerate the urban centres of our towns and cities? Should we spread our business support funding across all businesses, those in our high-growth industries or specific firms with potential to increase their own productivity? Should we invest most in metro lines or 15-minute neighbourhoods? These are complex questions but they are not necessarily binary choices or zero-sum games. Our Growth Plan must negotiate these issues with care and consideration and our responses and decisions must be transparent and authentic.

**What would success look like for the West Midlands if we were to achieve our vision of inclusive economic growth?**

- The West Midlands would have **higher gross disposable household income (GDHI)**, indicating that we are seeing living standards rise for the largest number of our residents.
- Our **productivity** (gross value added per hour) would be higher.
- More residents would be in **well-paid, good quality jobs**.
- Our economic strategy would support the region's transition towards **net zero**, with lower greenhouse gas emissions over time.

**Questions**

- 2) How does the WMCA's vision for inclusive economic growth compare with our everyday experience and will it inspire change?

## The six components of our Growth Plan

Building on our West Midlands Theory of Growth, we are proposing to divide our Growth Plan into six component parts. Three of these focus on the vital role that businesses play in driving growth. A fourth considers our place-based approach and the fifth our people and skills. Our final component concerns the region’s institutions and the story that we tell about the West Midlands economy.

### 1) High Growth Clusters and Innovation

The West Midlands has a number of business clusters that are at the vanguard of our drive for growth, and 6 universities delivering multiple areas of internationally recognised research that have tangible impacts beyond academia. For over two centuries, the global economy has been shaped by technologies born in the West Midlands and still today we have businesses that are global leaders in the products and services that will define 21<sup>st</sup> century economic success. While national industrial strategy remains focused on growth ‘sectors’, in the West Midlands many of our global strengths sit at the interface between traditional industrial sectors like manufacturing and logistics and emerging new technologies and tradable services.

Through detailed analysis, the West Midlands *Plan for Growth*<sup>x</sup>, first published in December 2022, identified eight primary economic clusters where the region could ignite above-forecast levels of growth. These are clusters where the West Midlands has comparative advantage and businesses are confident to invest. *Plan for Growth* also identified a small number of disruptive, nascent clusters—like Very Light Rail and 5G adoption. Together, these business clusters represent between 12% and 15% of the regional economy, but their potential impact is huge.

In October 2024, government published *Invest 2035*<sup>xi</sup>—its industrial strategy green paper—with a clear goal of boosting domestic and international business investment. A key element of the government’s approach is to unlock regional growth and build upon the sector strengths found in different places. In support of the National Industrial Strategy, and building upon the analysis behind *Plan for Growth*, the West Midlands has put forward 5 regional growth-driving sectors and clusters which will bring focus to our emerging Growth Plan. These are set out in the table below.

Priority	Growth Potential	Key market strengths, assets and investment opportunities
Advanced engineering, light electric vehicles and batteries	Modest output growth and potential reduction in jobs but will contribute to very large productivity increases. Critical for economic resilience and transition.	<ul style="list-style-type: none"> <li>Home of UK auto with major OEMs – JLR, LEVC, Aston Martin and deep supply chains with connections to wider sectors such as aerospace and logistics – both of which have a significant regional footprint. New ELV capabilities, such as from LEVC, Polestar and Changan.</li> <li>Major R&amp;D assets in battery / EV: UK Battery Industrialisation Centre, Advanced Propulsion Centre, WMG and MTC Catapults, Horiba-Mira, Plug &amp;</li> </ul>

		Play UK and IZ GigaPark; plus considerable university strengths.
<b>CleanTech with a focus on smart energy systems</b>	Strong output growth, with commensurate additional jobs across scientific and technical roles. Important wider benefits such as decarbonisation and energy security.	<ul style="list-style-type: none"> <li>• Energy vectors are only as effective as the smart, flexible energy systems that enable them. The WM has a unique role in maximising smart systems, with world-leading RTO and supporting assets (Energy Systems Catapult, Tyseley Energy Park), and a set of startups and scaleups implementing smart meters, smart grids, micro-grids, sensors etc to deliver energy flexibility.</li> <li>• Home of critical energy assets and major players: Cadent, National Grid, EoN and key firm such as Hitachi Energy and Octopus; important drivers of creating a smart energy system locally and nationally.</li> </ul>
<b>Health and medical devices, diagnostics and associated digital healthcare</b>	Significant output and jobs growth and moderate productivity growth across scientific and technical suppliers. Important spillover opportunities to associated industries	<ul style="list-style-type: none"> <li>• Strong/deep market presence - over 700 firms, with the largest medical device cluster in the UK. (e.g. ThermoFisher's biggest UK investment at \$2.6bn The Binding Site diagnostics firm).</li> <li>• World-leading research base, a highly skilled &amp; diverse talent pool and the UK's largest and most diverse trial environments</li> <li>• Strong supply-side property offer around Birmingham Health Innovation Campus (a world-leading Lifesciences Campus), Birmingham Knowledge Quarter (part of the Investment Zone), Arden Cross (site of HS2 station at Birmingham Interchange) and multi-university WM Health-Tech Innovation Accelerator.</li> </ul>
<b>Digital, tech and creative</b>	Very significant growth potential, with strong jobs and productivity growth.	<ul style="list-style-type: none"> <li>• Highly diverse sector, spanning content creation, screen production, performance, immersive technologies, music, jewellery and craft, gaming, esports, process automation and software development.</li> <li>• Creative cluster with nationally significant GVA &amp; productivity growth, strategically positioned at the end of HS2 in Digbeth. Cluster features a large industrial heritage asset base, vibrant locally driven cultural offer and anchor institutions such as BBC and Digbeth</li> </ul>

		<p>Loc Studios operating near film, TV and performance network supported by Createch Frontiers investment.</p> <ul style="list-style-type: none"> <li>• Supply side strengths in CreaTech, Games, AI, Quantum, Cyber, Robotics and Future Telecomms with strong University-led cluster development across Coventry and Warwickshire.</li> <li>• One of the countries' fastest-growing and highly networked tech hubs, and home to the country's first multi-city 5G testbed</li> </ul>
<b>Modern professional and financial services</b>	<p>Modest growth and jobs potential: impact of technology creating opportunities for productivity gains, new services and markets but with potential counter muting of jobs from ensuing shift in workplace composition.</p>	<ul style="list-style-type: none"> <li>• The region is a globally relevant cluster of business &amp; professional services, meaning that there is sufficient depth and full service offering across all of the PBS verticals.</li> <li>• Established locations for BPFs leading companies – including national HQ functions – for HSBC, Deutsche Bank, Goldman Sachs, Gowling, WLG, Arup, PwC etc. Particular specialisms include services “engineering’ centres and specialist lending.</li> <li>• Significant potential for disruptor companies and networks (e.g. CrowdProperty and Offa) across thriving proftech sectors with new entrants across the tech verticals, with notable depth in proptech, fintech and increasingly legaltech.</li> </ul>

Innovation is the driving force underpinning all of our cluster potential and the West Midlands has a very strong pedigree in this area, not least in applied research—turning bright ideas into tangible goods and services. Over the past 2 years, the West Midlands has pioneered both the national Innovation Accelerator and Made Smarter programmes creating or upskilling over 5,000 jobs in high productivity businesses. The WM5G programme has helped to make the West Midlands the best-connected region outside London. And last November, the West Midlands was named as one of the top three city-regions in the prestigious European Capital of Innovation awards.

### **Artificial intelligence (AI) in the West Midlands**

The West Midlands also has burgeoning AI strengths. The wider region is home to 300 AI companies representing 10% of the national total. It has strong academic research capabilities, with universities like University of Birmingham (a member of the Alan Turing Institute), Coventry, Aston, and Wolverhampton each with their own particular specialisms. The region also benefits from high performing data centres such as nLighten and is exploring the creation of distributed AI compute ecosystem through its AI Growth Zone partnership. To further leverage AI, the WMCA has undertaken pioneered an AI Accelerator Programme and is now developing an AI Adoption Blueprint.

But while last year the region leveraged over £3bn in private sector investment in R&D, government research funding is not keeping pace. The West Midlands has the second-lowest public-private R&D spending ratio in the UK and R&D spending in the region tends to be concentrated in key sectors; and very specialised in just a few firms. The region also has significant issues with technology adoption ranking poorly in Tech UK’s Local Digital Index<sup>xii</sup>. An increase in government R&D expenditure—especially in translational research and adoption across a wider spectrum of technologies—is critical to raising regional productivity. In the 2021 Research Excellence Framework, all 6 universities in the West Midlands in receipt of innovation funding are delivering multiple areas of internationally recognised research that has tangible impact beyond academia.

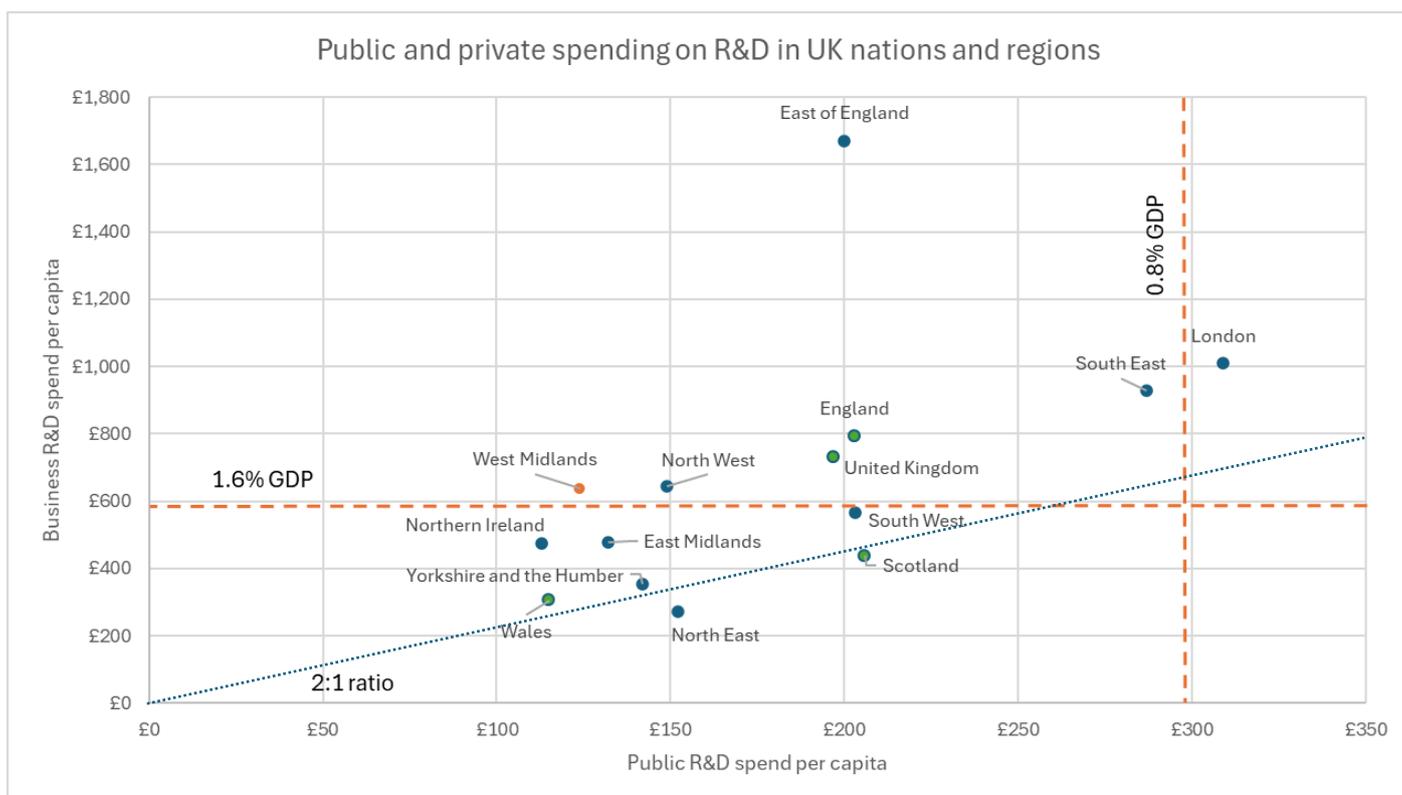


Figure 3: Scatter chart showing public and private spending on R&D in UK nations and regions

And our business composition has untapped potential. The evidence suggests the UK—and West Midlands in particular—lacks major Tier 1 suppliers (direct suppliers to an Original Equipment Manufacturer (OEM)) in major traded clusters. This is important because Tier 1 suppliers often provide components with high added-value and have close relationships with OEMs to assist with research, development and new management practices.

### Outcomes

Over the coming ten years we will prioritise our collective efforts to increase the rate and level of R&D adoption by businesses, focused on the West Midlands’ high growth cluster strengths and translational research.

## Questions

- 3) Do you agree with our identification of the West Midlands' key cluster strengths and what needs to be done to support and develop them?
- 4) How can the West Midlands build on its innovation strengths and increase government investment in R&D?

## 2) Business Leadership and Investment

Boosting our high growth clusters is critical to driving regional productivity growth, but those businesses at the vanguard of growth represent just 12-15% of the economy and so they alone will not turn the tide. Over the last 20 years, academics from LSE and Cornell universities have used a World Management Survey to evidence a strong association between management practices, firm-level productivity, profitability, business valuations and firm survival. Improving regional productivity means improving business leadership, where the ONS finds the wider West Midlands region scores lowest for business management. Research by City-REDI<sup>xiii</sup> shows that an important part of the regional productivity problem is that West Midlands firms have lower productivity, even in comparison to their peers in other regions.

This points to two problems.

First, it suggests that we might have an issue with business leadership and management. While this matter deserves more investigation, it seems business leaders seem somehow less able to invest in activities that might drive their productivity; one explanation could be the large number of Tier 3, 4 and 5 firms have less autonomy and prioritise efficiency of operating to low margins rather than being growth orientated. At a broader level, the Productivity Institute found a weakness in management competencies accounted for 30% of the difference in productivity between the Midlands and international benchmarks<sup>xiv</sup>.

Second, aside from R&D, the West Midlands seems to suffer from low levels of business investment in the region more generally. Recent research by the Harvard Kennedy School for Business and Government<sup>xv</sup> has shown that the West Midlands scores badly for the number of investment deals and the quantum of investment in both high-growth firms and SMEs in comparison with other regions.

It is very likely that these two problems are related. The lack of access to finance and business investment to drive innovation and growth, may well be a function of the fact that business leaders may not be demanding it. Once again, the reasons for this may be complex but nonetheless they need to be addressed.

When it comes to investment, the tide may now be turning, particularly with respect to foreign direct investment (FDI). In 2023, the EY Attractiveness Survey found that Birmingham is the second best-performing UK city for FDI outside of London; and the West Midlands the 7th best in Europe. This represents a strong platform for further investment,

galvanised by the West Midlands to be the first region to have an International Strategy co-designed by a range of civic institutions, Chambers of Commerce, universities, sporting and cultural institutions and the Department for Business and Trade.

### **The West Midlands International Strategy**

The West Midlands International Strategy outlines a comprehensive plan to enhance the region's global presence and economic performance. The strategy leverages the region's strengths, including its SME exporting base, world-class universities, and cultural assets, to increase trade, investment, innovation, and visitor numbers. By 2030, the West Midlands aims to be recognised as a leading destination for trade, investment, and tourism.

The strategy proposes the formation of the Global West Midlands (GWM) Partnership to enhance coordination of international activities, maximise competitive advantages and align regional and national government activity. This approach is crucial given the volatile global environment and the need for a productive, innovative economy. The strategy emphasises the importance of transitioning to a net-zero carbon economy and addressing resource constraints.

Key pillars of the strategy include trade, investment, innovation, and the visitor economy. The strategy identifies primary markets such as the United States, Europe, China, India, and the UAE, as well as developing markets like Australia/New Zealand, Canada, and South East Asia. The GWM Partnership will oversee the implementation of the strategy, ensuring coordination and alignment of activities to achieve maximum impact.

Attracting greater levels of domestic and international business investment will be the key to future growth.

### **Outcomes**

Over the coming ten years we will prioritise our collective efforts to:

- Transform the standards of business leadership and management across the region, including to support the adoption of technology.
- Maintain the West Midlands' standing as the top region for FDI investment outside of London.

### **Questions**

- 5) What could be done to strengthen business leadership and management in the West Midlands and what support does business need to invest in success?
- 6) How do we sustain our growing reputation for foreign direct investment?

### 3) Our Everyday Economy

The large majority of our people and businesses in the West Midlands operate in what might be called the ‘everyday economy’: those labour-intensive, non-tradable activities mostly serving very local markets. These include health, education, social care, public administration, retail, hospitality, leisure, arts, tourism, construction, utilities, transport, and food production.

In the West Midlands, a recent study<sup>xvi</sup> has shown that everyday economy jobs make up 63% of all jobs in our region. These jobs are often found in areas of high deprivation and are characterised by younger, more diverse, and often female, disabled, or foreign-born workers. They tend to have poor job quality, including low pay, insecure work and while AI may replace some of these jobs, it is expected they are more likely to be augmented by AI rather than replaced.

While opportunities to drive up productivity in such jobs might be more limited, it is essential that our West Midlands Growth Plan attends to this part of our economy too. Normally, businesses in the everyday economy take what could be termed a ‘low road’ approach to productivity: seeking ever greater efficiencies in labour costs by bearing down on wages and time management. Our recent study has identified a number of ‘high road’ approaches that have been adopted by certain firms and public authorities. These include commitments to a Real Living Wage; improving job quality and staff retention through better training and scheduling; and allowing staff to play a greater role in designing productivity improvements.

There are also policy levers available to help shape the development of the everyday economy in the West Midlands:

- At a national level, government could set higher minimum standards and regulations such as those proposed in the forthcoming Employment Rights Bill.
- The WMCA and its local authorities can also play a role:
  - Setting stricter conditions around public procurement, grants and other forms of support;
  - Using planning mechanisms to require local employment practices;
  - Insourcing services; and
  - Developing charters to promote job quality and good practices.
- Policy-makers can also help workers in the everyday economy indirectly through skills provision, improving accessibility through transport and supporting housing affordability and quality.

Ultimately though, it is no doubt the case that employers themselves need to make the difficult choices about whether they take the low road or the high road to increasing productivity. It may be that this is best done sector by sector, an approach adopted in countries like Germany and Spain, with support from business representative organisations.

Another vital part of the everyday economy is the social economy: a collective term for social enterprises, cooperatives, mutuals, community-owned businesses, and other not-for-profit organisations that use a trading model to generate funds and tackle inequality.

According to the latest research from the Centre for Local Economic Strategies (CLES) the social economy in the West Midlands has:

- Over 9,800 social economy organisations;
- 70% of which are small to micro in size with an average turnover of £42,000 per annum and only 5% exceeding £1 million; and
- 70% of which are run by women and over 50% are by people from racialised communities; with
- 103,000 employees, supported by;
- 250,000 volunteers.

In the West Midlands, work led by the WMCA has started to boost the social economy in the region with those social businesses receiving support increasing trading income by 48% and the creation of 175 new jobs. The development of Social Economy Clusters and networking events has fostered partnerships and leveraged additional funding and support worth around £750,000. National recognition of WMCA's approach has led to invitations to address major conferences and interest from other combined authorities.

To realise its full potential in addressing inequality and helping achieve inclusive growth, further investment is needed in bespoke business support; overcoming myths and barriers which are preventing some social businesses from taking on repayable finance; and nurturing local clusters to foster collaboration and mutual support.

Once again, the social economy in the West Midlands is recognised nationally as a huge asset, but in the region it rarely finds itself in the limelight.

## Outcomes

**Over the coming ten years we will prioritise our collective efforts to:**

- **Improve job quality and pay across the region's everyday economy.**
- **Double the size of the social economy with effective social economy clusters in every local authority area.**

## Questions

- 7) **What needs to be done to create and support better quality jobs?**
- 8) **How do we better support the social economy to build its financial sustainability while continuing to deliver social impact?**

## 4) Our Places

Earlier in this chapter we identified the fact that the West Midlands' economic geography represents a foundational strength and its location and relationship with other parts of the UK makes it a hub for national economic activity. Its strength also lies in its diversity of cities and towns, centred around Birmingham as its core city. Our polycentric geography offers a “goldilocks” combination of scale, resilience and quality of life.

In the following chapter we set out in more detail how we will maximise this place-based approach to economic growth. Over the past year, local authorities have developed Place-Based Strategies, identifying opportunities for investment and development and how places boost the quality of life, including through high street, cultural and major event offerings (see section 2.6 below). The WMCA is forming a strategic relationship with Homes England to focus public investment on major housing projects.

The following chapter also identifies several key development sites and corridors of opportunity that are crucial for the region's growth. These include:

- **HS2 Stations:** HS2 is one of Europe's largest infrastructure projects and will reduce travel times from the capital to Birmingham and the West Midlands to just under or just over 40 minutes for the HS2 Interchange at Arden Cross and Curzon Street respectively. The Arden Cross development will bring forward 680,000 square meters of commercial development and 2,750 homes, while Curzon Street station at the heart of Birmingham will be a magnet for international investment and drivers of catalytic economic transformation.
- **West Midlands Investment Zone:** The West Midlands Investment Zone blends a mix of capital investment, tax incentives, and business support programs to generate long-term economic growth in advanced manufacturing, green industries, battery technology, med-tech, and digital. It is anchored by three key sites: the Coventry-Warwick Gigapark focusing on electric vehicles and battery manufacturing, the Birmingham Knowledge Quarter with research and incubation activities in digital technology and med-tech, and the Wolverhampton Green Innovation Corridor driving new growth in green industries.
- **Growth Zone Sites:** There are three major strategic site clusters that have attracted a similar business rate retention offer: along the Sandwell to Dudley Metro Extension corridor, around J10 of the M6 in Walsall, and in the strategic corridor from East Birmingham to North Solihull. The retention of business rates uplift in these areas can underpin upfront investment through models such as tax increment financing and provide the relevant local authorities with wider reinvestment opportunities to support growth.
- **Birmingham City Centre:** The city is embarking on a renaissance powered by the alignment of public sector commitments, political alignment at national, regional, and local levels, and private sector investment. HS2's Curzon Street Station sits immediately beside one of the region's most successful Enterprise Zones, delivering new commercial spaces that have attracted the likes of Goldman Sachs, Arup, and PWC, and sparking landmark growth in the creative industries in Digbeth. To the north of Curzon Street lies the Birmingham Knowledge Quarter, with an ambition to become a global innovation district in tech-inspired innovation, particularly in medical solutions and advanced manufacturing. Birmingham Sports Quarter

represents a £3 billion commitment to bring forward a new stadium and national leisure attraction, creating jobs and skills opportunities in one of the most deprived areas in the country.

### **Spatial Development Strategy (SDS)**

Government has made a commitment to deliver 1.5 million new homes during this Parliament and has already published a revised National Planning Policy Framework which liberalises previous planning policy and reinstates mandatory housing targets. It has also brought forward a Planning and Infrastructure Bill which makes provision for the introduction of Spatial Development Strategies (SDS) to be led by mayoral combined authorities like the WMCA.

The SDS will be a vital complement to the West Midlands Growth Plan. It will be a land-use planning strategy that indicates broad growth locations across the region. The SDS will need to demonstrate how the region will meet the collective housing need, including redistribution where need generated in a local authority cannot be met within that authority's boundaries. It will include details of the infrastructure necessary to support development, including that for mitigating or adapting to climate change and taking account of the local nature recovery strategy.

It is proposed that the SDS will prioritise bringing brownfield sites into use and increasing housing density. It will provide a positive framework to bring forward the delivery of such sites, coupled with long-term funding to address these challenges. The relationship between the West Midlands Growth Plan and SDS is critical in this regard, just as it is with the Local Transport Plan.

The SDS will also very likely require new arrangements with neighbouring local authorities to meet housing need. This will require a successor mechanism to the Duty to Cooperate or could take the form of a more explicit shortfall mechanism to allow referral from one SDS area to another.

**Outcomes and Questions are set out in Chapter 2 below.**

## **5) Our People and Skills**

Many would argue that the true strength of any regional economy is its people: nowhere would this be more true than in the West Midlands. Our demographic projections<sup>xvii</sup> show that, unlike almost any other city-region in England, our working age population and its diversity is set to grow significantly over the next twenty years. Indeed, the growth in our population will be equivalent to welcoming in the current population of the city of Leicester.

The youthfulness and diversity of the West Midlands population will be its critical economic strength and driver of growth, but its true potential will only be unleashed if its people have the capacity to flourish. Our recent State of the Region report<sup>xviii</sup> paints a challenging picture of the health and well-being of too many of our people with high levels of child poverty, poor health and low educational attainment. Not only do these issues

bring distress to those who suffer with them, they drag our economy back. They will be more fully addressed in **Chapter 3**.

More specifically, to unleash the economic potential of our region we need to address our high levels of youth unemployment, economic inactivity and relative lack of higher skills.

### *Youth Unemployment*

In February 2025, there were 26,715 young people claiming out of work benefits. This represents 9.1% of the population aged 18-24 in the region, significantly higher than the national average of 5.5%. The youth claimant count has been rising in the region since mid-2022. While this trend is observed in the national data, the increase in the WMCA area is greater and so the gap between the region and the national average is widening. Reducing the regional 18-24 claimant rate to the national average would result in over 10,000 fewer young people claiming out of work benefits.

The West Midlands Youth Employment Plan<sup>xix</sup> sets out the offer to young people to ensure they have the best possible start to their working lives through meaningful advice, support services and pathways, in addition to a commitment to creating 20,000 new work experience and training placements and apprenticeships by working with partners and businesses across the region. The WMCA would like to play a much bigger role in addressing education provision for 16-19 year olds.

### *Economic Inactivity and Under-employment*

There are fewer economically active people in the region, our economic activity rate is 73.9%, compared to a national rate of 78.8% and 26.1% of our population are inactive (not seeking work or unable to start work), compared to the national average of 21.2%. If we were to reduce the share of the population in the region that are economically inactive to the national rate there would be more than 90,000 more economically active people in the region.

Much of the economic inactivity in the region is linked to ill health, with overall poorer outcomes for women, disabled people, ethnic minorities and our young people but the specific challenges facing the West Midlands—which account for our disproportionate levels of inactivity—are mainly related to the disproportionate number of women who are undertaking caring responsibilities. Overall, 122,000 people are economically inactive because of their caring responsibilities. Our challenges are compounded by the varying conditions across our diverse localities, which our Employment and Skills Strategy seeks to address<sup>xx</sup>.

There is also evidence of under-employment within minority ethnic groups in the region. Using a definition of underemployment as a lower level of actual employment for a particular ethnic group than predicted employment based on the employment rate by qualification and age across the population, it is estimated that in 2022 underemployment for minority ethnic groups was 38,300 (or 9%) lower than it would have been if employment rates by qualification matched the average. This too requires further concern and attention.

### *Qualifications and Higher Skills*

The West Midlands is moving towards a high-skill economy. Over the last ten years the most significant increases in qualification levels have been at the graduate level (Level 4) as well as Level 2 (GCSE level). Over the next ten years, by 2035, over half (55%) of the roles

created in the WMCA area will be at Level 4 or above. Higher-level STEM skills in particular will unlock the next generation of new ideas and the ability of firms to convert new ideas into higher output and productivity.

Qualification levels are improving in the region; however, they remain lower than the national average. Around 1 in 10 adults in the WMCA area have no formal qualifications. 60.7% are qualified at Level 3 or above, compared with 67.8% nationally. As a result, employers face persistent skills shortages, with around 1 in 4 vacancies classed as ‘hard to fill’, particularly in roles that require advanced and/or higher skills. We could help meet these needs. If we were able to close the gap with the national average, there would be nearly 130,000 more residents in our region qualified at level 3 or above.

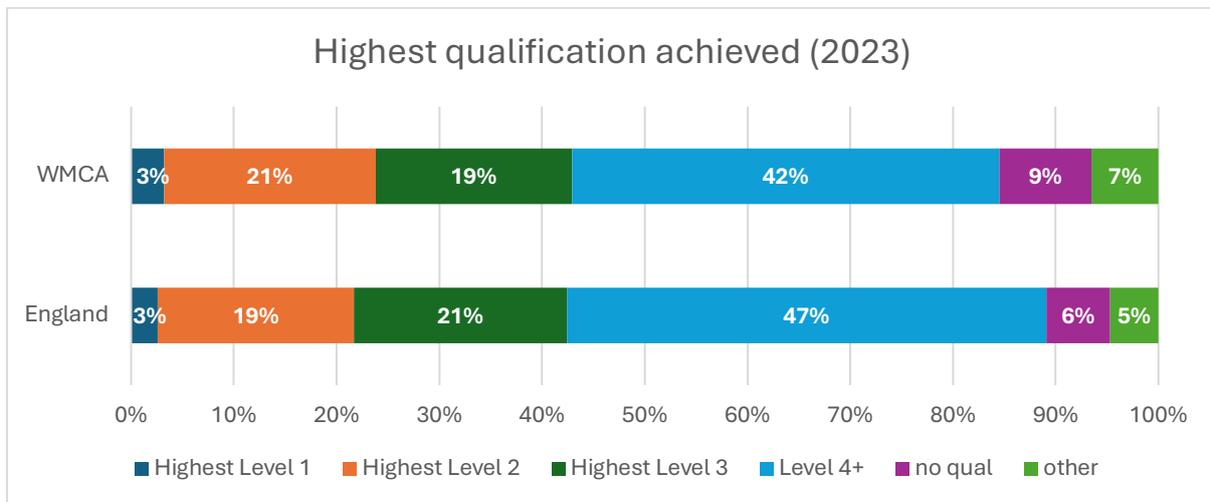


Figure 4: Bar chart showing highest qualifications achieved by residents of WMCA compared to England as a whole

As illustrated below in figure 5, over the last ten years the most significant increases in qualification levels have been at the graduate level (Level 4) as well as Level 2. However, the region has not been as successful in progression into Level 3 qualifications, in part due to lack of capacity in the skills system to provide access to technical provision which we have sought to increase since 2019. This lack of progression is an issue for employment and productivity in the region.

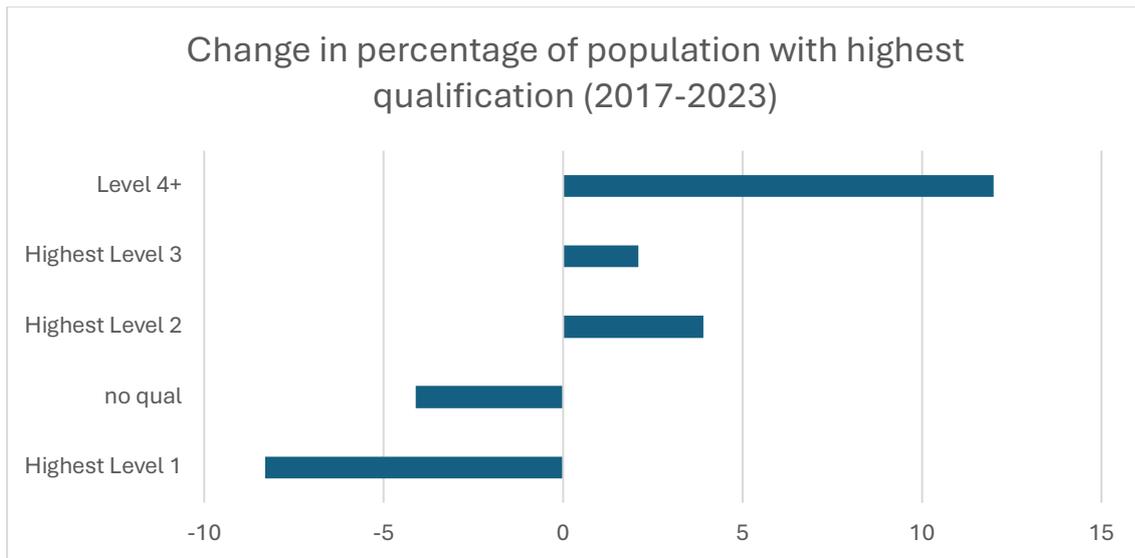


Figure 5: Bar chart showing change in percentage of population with highest qualification in the WMCA

Based on this analysis, we believe we need to put a particular focus on addressing the Level 3 qualifications gap.

As well as the relative gap, the reasons for this focus are as follows:

- Residents in the West Midlands with a level 3 qualification are more likely to be employed, earn more when employed, and less likely to claim out of work benefits than those qualified at level 2 or below.
- On average, residents in the West Midlands with level 3 qualifications achieve 16% more in earnings are 4% more likely to be employed than those with Level 2 and throughout their working lives are more resilient to labour market change.
- Level 3 skills are an important bridge to Level 4. As qualification attainment levels increase (L4+) so too the positive return. For example, Level 5 return for men is 21% and for women 29%.
- There is also strong and growing demand for higher-level skills (Level 3 and above) in the West Midlands.

Level 3 STEM skills are also vital for the generation of new ideas and the ability of firms to convert new ideas into higher output and productivity. There are similar links between a firm's absorptive capacity to make the most of innovations and the workforce's overall skills levels. This suggests that working with employers and their existing employees within firms in the region is crucially important.

STEM skills also provide a set of core skills which can be applied across various fields and industries, particularly in sectors and clusters which require green technologies and processes. Green skills are important in this respect because they increase the ability of firms in our region to adapt and take advantage of new growth and employment opportunities. Increasingly, green skills are understood to be crucial for resilience of firms across a wide range of sectors, in addition to traditional energy intensive industries. Developing green skills of our current and future workforce is therefore important for both

our achieving net zero ambitions as well as maximising growth and employment opportunities.

#### Outcomes:

Over the coming ten years we will prioritise our collective efforts to:

- Tackle youth unemployment and the drivers of economic inactivity, with a particular focus on better supporting residents with caring responsibilities and addressing racial inequalities in the labour market.
- Equip our residents with the skills they need for a higher-skilled economy.

#### Questions

- 9) What more needs to be done to address our high levels of youth unemployment in the region?
- 10) How do we support more people into paid work?
- 11) Do you agree with the focus on Level 3 skills and how can we foster better engagement between businesses and skills providers?

## 6) Our Economic Networks and Narrative

Recent research by the Connected Places Catapult shows that the West Midlands is one of the top 100 global city-regions for its all-round performance when it comes to infrastructure, investment and institutions and it is in the top 250 in terms of global reach. But to sustain this position it must recognise the importance of better co-ordination and leadership across multiple local areas and a strong collective economic identity.

The research identifies a range of other forward-thinking city-regions from whom the West Midlands could learn and form effective partnerships and it points to this significant risks of regional fragmentation in an international marketplace where other city-regions are becoming increasingly adept at organising and presenting themselves as great places to live, work and invest.

Since the election of Mayor Richard Parker, a new emphasis has been placed on regional partnership working through the West Midlands Partnership Plan. Led by the local authority chief executives, this work is attempting to bring greater alignment between the activities of the different constituents making up the West Midlands Combined Authority. In parallel, a regional review of economic development functions has identified the need to enhance the role of the West Midlands Growth Company and form a new 'economic delivery vehicle' which will bring together activities such as business support, cluster development and investment and capital attraction.

There is also growing enthusiasm to enhance a clearer narrative about the West Midlands economy and its strengths to create a ‘story of place’ that is developed and amplified in culture and the media and shapes the way the region is perceived. Building upon the global reach of the Commonwealth Games in 2022 and the positive and distinctive image of the region that was projected through that event, the West Midlands has the opportunity – in part through its WM Growth Plan – to present a consistent image of a region that has shaped the global economy for over two centuries through being a crucible for change and innovation.

The West Midlands Growth Company’s *It Starts Here* campaign<sup>xxi</sup> – with its focus on the region’s innovation capabilities – has proved to be particularly compelling to date. It emphasises the importance of the region being home to the UK’s fastest-growing tech sector, where the latest advancements are not just dreamt of, but made real; its network of top universities and research capabilities; and the pioneering businesses driving the cluster development highlighted in section 2.1 above.

But our growth narrative also needs to capture our wider strengths: our scale, location, youthfulness and diversity; and our cultural and creative life. Questions remain about branding and place recognition and how we better seize opportunities to develop ‘soft power’ on the national and global stage. Our West Midlands Growth Plan will be a fresh opportunity to tell a more coherent story of our place, its people and its economic opportunities and our ambition for change.

#### **Outcomes:**

**Over the coming ten years we will prioritise our collective efforts to:**

- **Strengthen the region’s institutions by forming more effective partnerships and enhancing the region’s approach to economic development delivery;**
- **Tell a new, confident narrative about the West Midlands, which shows up in stronger perceptions of the region by our key partners.**

#### **Questions**

- 12) **How should we improve the institutions and networks that support economic growth?**
- 13) **What makes the West Midlands economy special and how can we better speak with one voice in the region?**

## Chapter 2 Places and the Spatial Development Strategy

### The importance of place

Even in a world of global connectivity, the places where we live, work and play are vital to our quality of life. The West Midlands is a diverse region encompassing vibrant city centres, historic towns with their rich industrial and cultural heritage, large residential neighbourhoods and commercial estates, and scenic parks, waterways and countryside. Not only do our places tell a story about our past and our identity, they are the canvas upon which we shape the future.

Certain places become hubs for business activity and innovation. Infrastructure investment can transform places, attracting investment, creating jobs and wider multiplier effects. And housing development is essential for attracting and retaining the people upon which our economy depends. Our economic strength as a region rests on our ability to realise the complementary strengths and roles of our cities and boroughs, as a powerful, polycentric collective. Connecting our boroughs to our cities and cities to each other, in particular by an accessible public transport system, is key to realising all the strengths of our polycentric geography.

Over the past year there have been a number of developments that have galvanised our attention to place in the West Midlands. Our local authorities have each begun to develop Place-Based Strategies, which set out where they see particular opportunities for investment and growth. Place-Based Strategies combine major capital investment opportunities – including in transport, housing and commercial sites – with more local economic development opportunities such as the transformation of high streets and town centres. Place-making is at the heart of our West Midlands approach.

Given the critical role of housing in driving economic growth, alongside these Place-Based Strategies, the West Midlands has a pipeline of major housing projects which is the focus for public investment and the basis for a more strategic relationship between the WMCA and Homes England in which the mayor will take a greater role in directing investment.

There has been a review of our major transport infrastructure investment priorities and we have begun to identify a series of major capital investment opportunities, starting with our 3 major Investment Zone sites.

As we look to the future, this focus on place will only increase, not least as we escalate our work to drive forward key development sites and with the development of a new Spatial Development Strategy.

### Key development sites and corridors of opportunity

Our local authorities' Place-Based Strategies each identify clear opportunities for growth and investment. Some of these are part of adopted Local Plans, some of them are associated with transport or other types of infrastructure investment, some of them have special designations as part of national programmes of support, and some of them are

simply areas of local interest and concern. It is impossible in the Green Paper to list them all, but there is a small number of sites which – for different reasons – could be identified as regionally significant. These would include:

#### *HS2 stations*

HS2 is one of Europe's largest infrastructure projects and will reduce travel times from the capital to Birmingham and the West Midlands to just under or just over 40 minutes for the Arden Cross Interchange and Curzon Street respectively. The **Arden Cross Interchange**, bringing forward 680,000 sqm of commercial development and 2750 homes, and **Curzon Street station** at the heart of Birmingham, will be magnets for international investment and drivers of catalytic economic transformation. The HS2 connection – 'The Innovation Line' – is already sparking collaborations between research institutes at either end and unlocking a new cultural and creative quarter for film and TV in Digbeth creating a pathway for access new talent-pools, new markets, scale-up and grow.

#### *The West Midlands Investment Zone*

The West Midlands was one of the first Investment Zones designated nationally. The WM Investment Zone blends a mix of capital investment, tax incentives and business support programmes to generate long-term economic growth in advanced manufacturing, and its intersection with green industries, battery technology, med-tech and digital. The programme is key to our economic ambition to develop our region's cluster strengths, and has the potential to create over 30,000 jobs for our residents. It is anchored by three key sites:

- the 240 ha **Coventry-Warwick Gigapark (Greenpower Park)** focusing on electric vehicles and battery manufacturing;
- 130ha of research and incubation led activities in digital technology and med-tech at the **Birmingham Knowledge Quarter**;
- and sites across the **Wolverhampton Green Innovation Corridor** driving new growth in green industries.

Each location is underpinned by triple-helix partnerships between the public, private and academic sectors, and are already attracting significant investor interest. Business rate retention in Birmingham and Coventry-Warwick sites also generate unprecedented levels of investment confidence to underpin long-term financing for site development and wider regional growth.

In addition to the above, there are several other significant opportunities to deliver inclusive growth in Walsall, Sandwell and Dudley through a potential metro extension, leveraging capital investment in infrastructure enabling access to training and employment.

#### *Growth Zone sites*

There are also three major strategic site clusters that have attracted a similar business rate retention offer:

- along the **Sandwell to Dudley Metro Extension** corridor;
- around **J10 of the M6 in Walsall**;
- and in the strategic corridor from **East Birmingham to North Solihull**.

The retention of business rates uplift in these areas can underpin upfront investment through models such as tax increment financing and provide the relevant local authorities with wider reinvestment opportunities to support growth.

### *Birmingham City Centre*

The city is embarking on a renaissance powered by the alignment of public sector commitments, political alignment at national, regional and local level, and private sector investment.

- HS2's **Curzon Street Station** sits immediately beside one of the region's most successful Enterprise Zones – delivering new commercial spaces that have attracted the likes of Goldman Sachs, Arup and PWC, and sparking landmark growth in the creative industries in Digbeth.
- To the north of Curzon Street lies the 30ha **Birmingham Knowledge Quarter**. With an ambition to become a global innovation district in tech inspired innovation, particularly in medical solutions and advanced manufacturing, the area is realising the opportunities present from HS2 to have similar impacts in research and innovation as Kings Cross innovation district. Such an aspiration is already attracting interest from partners such as Imperial College in London who are looking to collaborate and share innovation grow-on opportunities.
- **Birmingham Sports Quarter**, less than 2km to the west of Curzon Street represents a £3bn commitment from Knighthead Group to bring forward a new 46,000 seater stadium and national leisure attraction – maximising the HS2 connection to London and integrated rapid transit corridor to Birmingham Airport and beyond, and creating jobs and skills opportunities in one of the most deprived areas in the country. It is estimated that this will deliver an additional £370m pa of Gross Value Add to the region's economy, and act as a gateway into wider regeneration to the east.

### *Corridors of Opportunity*

A number of these sites are associated with key transport hubs or illustrate the potential for development along transport corridors. Four 'corridors of opportunity' stand out and deserve closer attention and development:

- A Wolverhampton – Walsall corridor along the Green Innovation Corridor and further south-east connecting into Walsall Growth Zone sites, including the Walsall Gateway and Wolverhampton's City Centre West developments
- Along the Sandwell-Dudley metro line.
- Between the two HS2 stations through East Birmingham and North Solihull.
- Between Coventry city centre and the investment opportunities therein linked to the Coventry-Warwick Greenpower Park.

### *Mayoral Development Corporation*

WMCA and colleagues in government and local authorities are positively exploring the most appropriate and effective routes to delivering on these strategic site opportunities. These could include the establishment of a Mayoral Development Corporation – working with partners to secure in one vehicle the planning, investment and land assembly powers to accelerate delivery. Alternative models that focus on delivery through alignment and collaboration, rather than formal powers, are also under consideration. The best model will be informed on a case-by-case basis attuned to the needs and opportunities of the strategic sites.

## The West Midlands Spatial Development Strategy

Government has made a commitment to deliver 1.5 million new homes during this parliament and has already published a revised National Planning Policy Framework (NPPF) which liberalises previous planning policy and reinstates mandatory housing targets. It acknowledges, however, that housing need in England cannot be met without planning for growth on a larger than local scale, and that reform is needed to introduce effective new mechanisms for cross-boundary strategic planning. The principal initiative to achieve this objective is the introduction of Spatial Development Strategies (SDS).

The West Midlands SDS will be a vital complement to the West Midlands Growth Plan. First and foremost it will be a land-use planning strategy, which indicates broad growth locations across the region such as those listed in the section above. Whilst it will inevitably include existing growth locations such as those identified in the section above, it cannot simply reflect them, it needs to add value, and articulate a future strategy indicating where when and how growth will be accommodated.

The SDS will need to demonstrate how the region will meet the collective housing need in the region, including redistribution where need generated in a local authority cannot be met within that authority's boundaries. It will need to include details of the infrastructure necessary to support development, including the WM Local Transport Plan which is in itself a statutory document. It must also show how plans are mitigating or adapting to climate change and taking account of the local nature recovery strategy.

### **West Midlands Local Transport Plan<sup>xxii</sup>.**

Our vision for transport in the West Midlands is to improve accessibility and ensure as many people as possible have access without a car to key services and their local neighbourhoods within a 15 minute round trip and a wider range of places across our region to undertake work, education, leisure and socialising within a 45 minute trip. Our Local Transport Plan explains how we are working to deliver our vision, underpinned by five clear motives for change and supported by six big moves, and a series of strategies and plans for how we will implement it.

### **West Midlands Local Nature Recovery Strategy.**

Our Local Nature Recovery Strategy outlines the priorities for how we will recover nature in the West Midlands. It maps out the region's most valuable existing areas for nature and sets out specific proposals for nature recovery and achieving wider environmental goals. It also includes improvements to people's access to nature. The WMCA was appointed by government as the Responsible Body to develop the strategy convening and collaborating with stakeholders to play their part in delivering it.

Government implies that SDSs and Local Plans need to be developed in parallel and that the latter should not be delayed until the former is in place. This interface needs careful management as local plan preparation is at different stages across the area, with the Sandwell, Dudley, Coventry, and Wolverhampton plans at a more advanced stage than the other three, and prepared under older planning requirements.

Current estimates suggest that the WMCA constituent area can only deliver around two thirds of its collective housing need over a typical Local Plan period based on existing

forecast supply. There is potentially a shortfall of some 52,000 homes in the coming planning period. A recently commissioned Strategic Growth Study and current Local Plan preparation will confirm whether the WMCA area can meet its own needs using the approach consistent with the new NPPF and will specify the scale of any shortfall and whether it is appropriate to seek assistance from surrounding local authorities.

To support regional growth, our first priority must be to bring brownfield sites into use and to increase the density of our housing supply. The SDS must provide for a positive framework to bring forward the delivery of such sites, coupled with long-term funding to address these challenges. This will also depend on the alignment of housing and commercial growth opportunities supported by transport and energy infrastructure. The relationship between the WM Growth Plan and WM SDS is critical in this regard.

Having exhausted growth opportunities within the WMCA area, government has made provision for fresh consideration of development in the Green Belt. Green Belt reviews are currently under consideration in most Local Planning Authorities, alongside new government guidance on Grey Belt. The interplay of new environmental delivery plans, an emerging habitat bank system, and promoting wider health benefits of existing and new settlements may necessitate a review of the broader functions of the West Midlands Green Belt.

It is also very likely that the SDS will require new arrangements with neighbouring local authorities in order to meet housing need. If it is established that the constituent WMCA area cannot meet its collective need, a successor mechanism to the Duty to Cooperate will be needed. This could take the form of a more explicit shortfall mechanism and allowing a reciprocal referral mechanism from one SDS area to another; equally, the new legislation will make provision for two or more principal authorities to form a strategic planning board to jointly prepare an SDS over wider geography.

Work on the WM SDS is clearly in its early stages and it will require formal consultation in its own right in the months ahead, but this Green Paper presents an opportunity to address a number of key questions.

### **Outcomes:**

Over the coming ten years we will prioritise our collective efforts to:

- Unlock economic growth through public and private investment in a series of major growth sites and corridors of opportunity;
- Better connect the region's boroughs to its cities and its cities to each other by public transport;
- Make the core centres of the region's cities and boroughs well-designed places to live, with denser housing connected to transport hubs as we advance the development of 15-minute neighbourhoods;
- Meet the rising demand for (social) housing from our burgeoning population;
- Transform the urban centres and high streets of the region's cities and boroughs, creating the conditions for culture, leisure, retail and community activity to thrive.

## **Questions**

- 14) How can Place-Based Strategies drive local economic growth, including the transformation of our town centres and high streets?**
- 15) Do you agree with our identification of those growth sites of regional significance and the 'corridors of opportunity'?**
- 16) Do you agree that our first priority in meeting the WMCA's housing need should be to bring brownfield sites into use and to increase the density and diversity of our housing supply?**
- 17) What might be the opportunities and challenges of development in the Green Belt or Grey Belt?**
- 18) How could arrangements with neighbouring local authorities be strengthened in order to meet housing shortfalls within the WMCA metropolitan area?**

## Chapter 3: Public Service Innovation

Our vision of inclusive growth is to lift living standards across the region. Our demography—the size of our population and how it is projected to grow over the coming two decades, in addition to our youthfulness—is one of the West Midlands’ distinctive economic strengths. Yet, as we outlined in our Theory of Growth, our population faces a range of acute challenges which we need to overcome if we are to realise our vision and harness the potential of our demography. We will do this principally through what we call Public Service Innovation (PSI).

PSI aims to transform residents’ lives, prevent the challenges they face from arising the first place and reduce pressures on public services, with a particular focus on developing systemic innovations in how public services are delivered.

**The Importance of Public Service Innovation.** Our theory of growth document and State of the Region report paint a challenging picture of the health and wellbeing of large numbers of our residents, alongside distinctive challenges in particular parts of the region. Across the West Midlands as a whole, 39% of children in the WMCA area live in poverty—among the highest rates in the country. Our youth unemployment rate (8.8%) is higher than the UK average (5.0%). The life expectancy of our residents is significantly below national averages—77.6 years for men and 81.9 years for women, compared to 79.4 and 83.1 nationally. 5,600 people live in temporary accommodation. These factors make it all the more harder for our residents to gain the skills they need to secure and progress into good quality, well-paid jobs and hold our economy back, moreover they very often lead to unhappy and unfulfilled lives.

**The Case for Public Service Innovation.** PSI represents a transformative opportunity to break free from traditional, centralised approaches to delivering public services, which all too often fail to meet the holistic needs of local communities. Rising demands for public services, reducing budgets to provide them and inefficiencies in how they are delivered, underline the need for a new, collaborative approach to public services—one focused on helping our residents access a higher quality of life and, ultimately, higher living standards.

**Our Approach to Public Service Innovation.** PSI is gaining momentum across the West Midlands. Successful initiatives like the Supporting Families Programme, which reduced foster care placements by 32%, have demonstrated the power of preventive, integrated approaches in not only reducing long-term public expenditure but also enhancing community well-being. To harness the full potential of PSI, the WMCA and our local partners are working together to deliver three types of innovation.

- **Incremental Innovation.** We are identifying small-scale improvements to existing systems, such as co-commissioning services and achieving economies of scale in areas like SEND placements, youth mental health, and temporary accommodation.

- **Breakthrough Innovation.** We are experimenting with different, more innovative models of public service delivery, such as the Kinghurst family hub, which seeks to demonstrate how local-level innovations can be scaled across the region.
- **Transformational Innovation.** We are exploring how we can scale-up our ‘test and learn’ innovations to redesign public service systems, through early, preventive interventions and incentivising long-term, sustainable change. This includes exploring the potential for a PSI ‘pillar’ of the region’s Integrated Settlement.

**Key Principles of Public Service Innovation.** Our approach to PSI is guided by four key principles that underpin every initiative and partnership we do.

- **Subsidiarity and Community Empowerment.** We deliver innovation at a local level because this is the best way to generating positive outcomes for our residents, exemplified by health and wellbeing hubs in Kingshurst.
- **Integrated and Sustainable Systems.** We foster collaboration between regional partners from different sectors, promoting early intervention and embracing predictive analytics—as seen in Coventry’s AI-driven demand reduction initiative.
- **Evidence-Informed Decision Making.** We leverage both qualitative and quantitative to ensure our strategies are informed by evidence on what, and to hold our services to account for the outcomes that matter to our residents.
- **Inclusive Growth and Social Innovation.** We are creating the foundations for inclusive growth, by developing cradle-to-career pathways that bridge education, skills, and employment.

**Emerging Areas of Focus for Innovation.** We have been working closely with local authority partners to identify the most significant issues that our work on PSI should focus on. These are outlined as follows, with further evidence for this focus provided in our accompanying Theory of Growth document.

Area of focus	What this could mean in practice
<b>Early Years.</b>	<ul style="list-style-type: none"> <li>• Enhancing the quality of Special Educational Needs and Disabilities (SEND) provision.</li> <li>• Developing cradle-to-career programmes for young people.</li> <li>• Professionalising the early years workforce to ensure all children are well-prepared for school.</li> </ul>
<b>Youth and Intergenerational Unemployment</b>	<ul style="list-style-type: none"> <li>• Adult skills training and careers advice.</li> <li>• Joining up services that combine mental health support and early interventions.</li> </ul>
<b>Health and Social Care</b>	<ul style="list-style-type: none"> <li>• Coordinating preventative health services at the neighbourhood level.</li> <li>• Expanding the ‘Marmot city’ approach across the wider region.</li> <li>• Leveraging data and AI to optimise social care delivery and tackle health inequalities early.</li> </ul>
<b>Homelessness</b>	<ul style="list-style-type: none"> <li>• Reducing the costs of temporary accommodation.</li> <li>• Improving early intervention responses to domestic abuse.</li> </ul>

	<ul style="list-style-type: none"><li>• Piloting innovative solutions like Live and Work schemes and Emergency Accommodation Reduction initiatives.</li></ul>
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**Partnerships for Innovation.** Collaboration is at the heart of our approach to PSI. Led by local authorities, with the support of the WMCA, we will work closely with key partners across sectors, including the NHS, the Voluntary, Community, and Social Enterprise sector, and the government.

By embracing PSI, the West Midlands is setting the stage for long-term, sustainable transformation—empowering residents to realise their full potential and contributing to a more inclusive, prosperous region.

**Outcomes:**

Over the coming ten years we will prioritise our collective efforts to:

- Ensure all of our children are better prepared as they start in school including by improving the quality of available childcare.
- Lower the barriers to youth employment and tackle the root causes of the poor health that prevents people from accessing good work.
- Tackle the root causes of homelessness and provide pathways out of temporary accommodation.

**Questions**

19) Do you agree with the principles and priorities for public service innovation in the West Midlands?

## Chapter 4: Our Second Net Zero Five Year Plan

We are developing the region's second Five Year Plan to achieve net zero carbon emissions by 2041.

### Our First Five Year Plan 2021-26

In July 2019, amid widespread calls for acknowledgement of the climate emergency and a drive for more ambitious climate action, the WMCA Board adopted a target of net zero carbon emissions by 2041. In 2020, in the context of the COVID-19 pandemic, the WMCA set out a *#WM2041*<sup>xxiii</sup> consultation document, which outlined high-level principles for the region's net zero transition and summarised short-, medium- and long-term actions required to meet the adopted target.

Subsequently, the WMCA Board endorsed the first Five Year Plan for 2021-26, providing a high level, top-down analysis of the West Midlands economy's carbon emissions and what could be done to reduce carbon emissions to meet the target of net zero by 2041. The central 'Accelerated' scenario at the heart of the plan recommended 15 sub-sector target interventions across domestic, commercial, industrial, transport and land use sectors.

The Five Year Plan has proved to be an invaluable guiding document for decarbonisation efforts across the WMCA and the wider region. It has enabled the WMCA to negotiate further devolution of powers and resources, and built a foundation upon which we can deliver, enable and influence decarbonisation efforts across the region. However, progress to date has not been commensurate with the targets set in 2021. We are currently reviewing progress towards the 15 goals set out in the first Five Year Plan But we know that for a wide range of reasons, we are not making sufficient progress on any of our goals.

### The changing context

Although this provides a challenging backdrop for the development of a second Five Year Plan, changing national policy has clarified the region's pathway to net zero in terms of energy. The Government's mission to achieve Clean Power by 2030 sets an ambitious target to rapidly accelerate the rollout of clean electricity generation.

While the West Midlands will certainly see an increase in installations of renewables, the spatial constraints of our land-locked geography<sup>xxiv</sup> mean that we must focus on the opposite end of the energy system – energy demand – to maximise the regional opportunities.

Due to its high population density and historic energy-intensive industries, the West Midlands has for centuries been a large centre of energy demand. Our contribution to the Government's Clean Power Mission will be less focused on energy supply but on managing energy demand. This will require a smarter, more flexible approach to energy system management, as detailed in our recent Regional Energy Strategy<sup>xxv</sup>, since renewable power is generated from intermittent sources that do not necessarily match traditional patterns of energy consumption. If we can achieve this, we can ensure that clean power generated

across the UK is utilised in the most effective and efficient ways, preventing the need to curtail<sup>xxvi</sup> renewables, and reducing the need to burn carbon-emitting fossil fuels.

Alongside this, the region is also at the vanguard of pioneering new net zero technologies. This includes in smart energy systems, but also in low-carbon vehicle production and CleanTech – with major companies such as Cadent, National Grid, EoN and key firm such as Hitachi Energy and Octopus located here.

## **A place-based approach to the Net Zero Five Year Plan 2026-31**

To make the most of this opportunity, our second Five Year Plan will be based on a strategy of electrification. That is, energy demand currently met by fossil fuels, such as gas boilers and petrol cars, will largely need to be replaced with electric alternatives. However, simply setting targets for the levels of net zero technology required in the West Midlands economy by 2031 or 2041 will be insufficient.

Our work so far has shown that a place-based approach to net zero, taking into account the unique characteristics of neighbourhoods, districts, zones or campuses, results in a more cost-effective, faster transition to net zero that also has the potential to deliver far greater co-benefits. For instance, retrofitting homes with energy efficiency measures as part of the Net Zero Neighbourhoods programme can improve air quality and health outcomes for residents as well as cutting energy costs and reducing carbon; encouraging 15-minute neighbourhoods with more sustainable travel options can improve public health; supporting the circular economy will stimulate green and inclusive economic growth. As such, our second Five Year Plan will need to take a spatial, whole-systems view of the West Midlands economy.

We will undertake a comprehensive engagement process as we develop the second Five Year Plan. Working with our constituent local authorities, we will harmonise the existing plans that they have developed for their own boroughs to build a fair and consistent regional framework. In addition, we will need to consult widely with stakeholders as we determine the priority areas for decarbonisation and ensure that businesses in hard-to-decarbonise sectors, such as ceramics manufacturing, do not bear the costs unfairly.

We will ensure that our plan for the net zero transition considers resilience implications too. Climate change that is already ‘locked in’ by historic emissions will cause average temperatures to rise further and extreme weather events to occur more frequently. Our plan will reflect these expected changes and ensure that our actions to prevent additional climate change are also appropriate for a warmer world and are resilient to future extreme events. For example, retrofitting homes with energy efficiency measures will need to be delivered in such a way that provides comfortably cool homes in the summer as well as comfortable warmth in the winter.

The UK’s Climate Change Committee<sup>xxvii</sup> found that as things stand local and combined authorities have limited direct influence over carbon emissions. Successful delivery of net zero requires comprehensive partnership work between the WMCA, local authorities, national government, the private sector and local communities. Our second Five Year Plan

needs to reflect the level of influence we have and set goals accordingly that enable us to monitor progress with accurate, transparent data.

### **Outcomes:**

Over the coming ten years we will prioritise our collective efforts to:

- Reduce our regional energy demand through investment in smarter energy systems and place-based approaches to achieving net zero.
- Enhance our resilience to future changes caused by climate change that is now unavoidable.

### **Questions**

**20) Do you agree our proposed approach to developing the second West Midlands Net Zero Five Year Plan?**

## Chapter 5: Conclusions and Next Steps

**The West Midlands is set for a ten-year programme of economic transformation.** Our unrivalled connectivity to the rest of the country. The youthfulness of our population and future workforce. Our leading investment record. The sheer scale of our economy and potential to grow further. These are the strengths that will power our future success.

**We know what success would look like.** Higher living standards across the region. Higher productivity of the region. More people in employment. Residents living healthier lives. The region playing a leadership role in reaching net zero, seizing the opportunities it offers us.

**We know what we need to do to achieve it.** We are clear-eyed about our strengths and challenges—the foundation of our theory of growth and West Midlands Growth Plan—and will focus our collective resources, partnerships and capabilities as a region on gripping them.

**Our strategy is rooted in place.** Corridors of investment opportunity across the region will transform the economies of our cities and boroughs, brought together in Place-Based Strategies. Our spatial development strategy will explain how our theory of growth and approach to ‘place’ comes together at the West Midlands level.

**We will be bold in our approach to delivering systems change.** Nothing short of it will be required if we are to realise the full potential of our residents—through a programme of public service innovation—and play a leadership role in seizing the opportunities of the net zero transition.

### Bold ambitions turned into practice in partnership

**The role of the WMCA.** After nearly 10 years of devolution, the WMCA itself is embarking on a transformation programme to ensure it is ready for the future. We are set to negotiate a multi-year Integrated Settlement and take on additional devolved responsibilities through the English Devolution White Paper. The priorities affirmed through this Green Paper will provide a focus for how we priorities our existing resources; help us to refresh, align and simplify our existing strategies and plans; and guide us towards the additional powers and resources we need to secure from HMG to drive change.

**A strong, strategically aligned local—regional government partnership.** The WMCA and its local authority partners are deepening their partnerships. We are delivering the West Midlands Partnership Plan, initiated last year by our constituent local authority leaders to clarify the roles and responsibilities of different tiers of local and regional government; and we are creating a reformed Economic Development Vehicle, to get the most impact from our collective economic development resources. The priorities of this Green Paper will provide focus for what we seek to achieve and deliver together.

**A regional partnership.** The WMCA and our local authority partners will lead the region’s economic transformation. But we do not have the resources or the capabilities to drive economic transformation on our own. But as a region—working with our businesses, investors, universities and colleges, central government, key public services, utilities and community organisations—we have huge potential to drive change through aligning our collective resources

and capabilities around shared priorities, as affirmed through this Green Paper. To our broader regional partners: this Green Paper asks for your commitment to work with us to progress our shared priorities. Every year, we will convene a Regional Partnership Summit, to keep the West Midlands partnership aligned to a shared direction of travel.

## What are the key next steps for the coming 12 months?

April – May - June	<ul style="list-style-type: none"> <li>• West Midlands Futures Green Paper consultation and engagement programme</li> </ul>
May	<ul style="list-style-type: none"> <li>• UKREiiF, where we will launch our capital investment and infrastructure pipeline</li> </ul>
Summer	<ul style="list-style-type: none"> <li>• Publication of West Midlands Growth Plan, incorporating your feedback on the proposals set out in this Green Paper</li> <li>•</li> </ul>
Autumn	<ul style="list-style-type: none"> <li>• Negotiation of multi-year Integrated Settlement outcomes and function, informed by the priorities of this Green Paper</li> <li>• Investment Summit, when we will rally national and international partners around our agenda for economic transformation.</li> </ul>

## Engaging with this Green Paper

From the launch of this Green Paper until the middle of June, we will be holding a series of engagement events to hear what you think about the questions posed in this Green Paper. We have also created an online platform that our stakeholders can use to share their views.

[Click here to offer your views on the West Midlands Futures Green Paper](#)

## Annex 1: A summary of the evidence underpinning the West Midlands' Theory of Growth

[Click here to read the West Midlands' Futures Theory of Growth](#)

**Our theory of growth recognises the West Midlands economy as a system made up of distinctive, but highly interconnected parts.** This system is the product of many different forces, factors and behaviours, which, taken together, *are* the economy. An effective strategy needs to respond to all of them in the round, but be clear – as our Theory of Growth aims to be – about what the priorities are. Below, and with further detail in our supporting evidence base<sup>xxviii</sup>, we break down the economic system into a series of 'sub-systems', to help our understanding of what our challenges and opportunities are and what needs to change. Making progress in one area should generate positive knock-on effects in another, but won't be enough on its own to deliver systemic change.

**Our economic geography.** The West Midlands has the characteristics of a 'polycentric' region. This means people and businesses coalesce around, in our case, three strategic centres, which Birmingham is the largest of. International evidence suggests that polycentric regions are generally less productive: they have 'less agglomeration'. But if we can enhance the degree of functional integration between our three strategic economic centres and strengthen their linkages to our boroughs, we will unlock a 'goldilocks' combination of scale, location and place diversity, underpinning residents' quality of life and inclusive growth.

**Our industry and sectoral profile.** Evidence shows that the industrial composition, or sectoral mix, of the West Midlands is not a problem in itself and is in fact a slight advantage. Chapter 1 outlined our cluster strengths, which will be a central feature of the West Midlands Growth Plan. Our productivity challenge lies more in within-sector productivity and the need to move businesses 'up the value chain' into higher productivity economic activities. Within this, we also face the challenge of widening the spread of more productive knowledge intensive services and manufacturing firms, addressing lower productivity in older firms and increasing the number of micro-sized businesses in the manufacturing sector.

**The quality of business leadership and management.** The ability for businesses to increase profits, adopt new technologies, export into new markets and develop new product lines largely rests on the quality of their internal leadership and management. The West Midlands performs poorly on a number of indicators of business leadership and management and has the lowest ranking of English regions on this metric – itself a low bar compared to our competitors in Europe, North America, Japan and South Korea. Analysis by The Productivity Institute finds that weakness in management competencies accounted for 30% of the international difference in productivity across the East and West Midlands.

**Research, development, innovation and adoption.** Innovation is a key driver of improving business productivity. The West Midlands leverages more private investment in research and development (R&D) on the back of public funding than any other region bar one, showing high market confidence in our economy and cluster strengths, however this investment tends to be focused in a limited number of sectors and is not widely spread across the economy. An increase in public R&D – especially in translational research and technology adoption by businesses – is critical to raising regional productivity.

**Business investment.** The evidence suggests the supply of finance to enable businesses to expand is less of an issue in the West Midlands, with the exception of venture capital investment. Our strong performance in relation to foreign direct investment and R&D also suggests our investment challenges are quite specific. Our assessment is that poor business leadership and management is likely the key driver of the West Midlands' business investment challenge.

**Skills.** Our top growth priority for productivity growth is to move people up the skills ladder towards higher level skills – 55% of roles in the WMCA area will require a Level 4 qualification by 2035 – for those currently inside the education system, and for the majority of residents who are outside of it. Our focus though is on Level 3 skills because this is the rung of the skills ladder where the West Midlands clearly struggles and where our residents are likely to see the greatest immediate benefits.

**Life chances.** Skills and training are only part of what our residents need to lead fulfilling lives. In the West Midlands, disproportionately high numbers of children experience a poor start in life, with knock on consequences for their years to follow, and women are economically inactive because they are looking after others.

**Housing, regeneration and place development.** In the West Midlands, housing constrains productivity through reducing the supply of workers and dampening productive investment. We face particular challenges relating to the low density of housing and the lack of development around transport hubs, particularly within the region's strategic economic centres. The lack of the right supply and mix of housing is also a challenge because it reduces household's disposable income – when regeneration becomes gentrification. This means we need to build more densely across the region while also increasing the supply of social housing.

**Connectivity.** Transport is well recognised as a key driver of regional economic growth and is a key enabler of our inclusive growth and net zero ambitions, providing access to opportunities and journeys for everyone. On account of our polycentricity, we need to strengthen mass public transport connectivity, including bus, to better connect our boroughs to our cities and our cities to each other and, as a national priority, address Birmingham's transport constraints in particular. But as well as bigger investments in public transport infrastructure, we will need to look at how we manage the transport system as part of our approach place making to help create better local places, healthier communities and encourage sustainable travel behaviours, particularly by making our roads safer and improving air quality. This will still continue to matter in the years to come against the backdrop of greater levels of working from home – digital connectivity is more of a strength than a challenge in the West Midlands.

**Energy infrastructure.** The West Midlands energy system is a constraint on productivity due to the disproportionate number of manufacturing businesses running high temperature processes across dispersed sites; and the uncertainty and delays associated with getting distribution network connections. While the West Midlands is not a leading region for energy generation, we will use our specialism in smart energy systems to connect our businesses and places to green energy created elsewhere while reducing demand for it.

**Regional institutions.** Devolution enables regions to develop and deliver economic transformation, and it is well-established that more decentralised sub-national governance systems are more conducive to more balanced growth. Despite our progress towards greater devolution over the past decade, the West Midlands suffers from relatively weak horizontal linkages between firms and public institutions within the region and vertical linkages between local, regional, national and global actors.

**The external perception and attractiveness of the region.** Economic transformation is part science, reliant on understanding and addressing the drivers of growth, and part art, dependent on inspiring residents, businesses and stakeholders to get behind an inspiring, credible vision of the future. The importance of vision, leadership and external perceptions in attracting talent, investment and visitors cannot be underestimated in this context. This is not a narrow branding issue and recent successes represent a foundation of how we will realise economic transformation.

## Annex 2: Summary of Proposed West Midlands Futures Ten Year Outcomes

The West Midlands Futures Green Paper proposes that, over the coming ten years, the West Midlands will prioritise our collective efforts to achieve the following outcomes.

### The West Midlands' Theory of Growth

#### High Growth Clusters and Innovation

- Increase the rate and level of R&D adoption by businesses, focused on the West Midlands' high growth cluster strengths and translational research.

#### Business Leadership and Investment

- Transform the standards of business leadership and management across the region, including to support the adoption of technology.
- Maintain the West Midlands' standing as the top region for FDI investment outside of London.

#### Our Everyday Economy

- Improve job quality and pay across the region's everyday economy.
- Double the size of the social economy with effective social economy clusters in every local authority area.

#### Our People and Skills

- Tackle youth unemployment and the drivers of economic inactivity, with a particular focus on better supporting residents with caring responsibilities and addressing racial inequalities in the labour market.
- Equip our residents with the skills they need for a higher-skilled economy.

#### Our Economic Networks and Narrative

- Strengthen the region's institutions by forming more effective partnerships and enhance the region's approach to economic development delivery.
- Tell a new, confident narrative about the West Midlands, which shows up in stronger perceptions of the region by our key partners.

#### Our Places

- Unlock economic growth through public and private investment in a series of major growth sites and corridors of opportunity.
- Better connect the region's boroughs to its cities and its cities to each other by public transport.
- Make the core centres of the region's cities and boroughs well-designed places to live, with denser housing connected to transport hubs as we advance the development of 15-minute neighbourhoods.
- Meet the rising demand for (social) housing from our burgeoning population.
- Transform the urban centres and high streets of the region's cities and boroughs, creating the conditions for culture, leisure, retail and community activity to thrive.

### **Public Service Innovation**

- Ensure all of our children are better prepared as they start in school including by improving the quality of available childcare.
- Lower the barriers to youth employment and tackle the root causes of the poor health that prevents people from accessing good work.
- Tackle the root causes of homelessness and provide pathways out of temporary accommodation.

### **Net Zero**

- Reduce our regional energy demand through investment in smarter energy systems and place-based approaches to achieving net zero.
- Enhance our resilience to future changes cause by climate change that is now unavoidable.

## Annex 3: Summary of Green Paper Consultation Questions

### Foundations and Vision of Growth

1. Do you agree that youth, diversity, geography, scale, investment and innovation represent the foundations for economic growth in the West Midlands?
2. How does the WMCA's vision for inclusive economic growth compare with our everyday experience and will it inspire change?

### Business and investment

3. Do you agree with our identification of the West Midlands key cluster strengths and what needs to be done to support and develop them?
4. How can the West Midlands build on its innovation strengths and increase government investment in R&D?
5. What could be done to strengthen business leadership and management in the West Midlands and what support does business need to invest in success?
6. How do we sustain our growing reputation for foreign direct investment?
7. What needs to be done to create and support better quality jobs?
8. How do we better support the social economy to build its financial sustainability while continuing to deliver social impact?

### People and skills

9. What more needs to be done to address our high levels of youth unemployment in the region?
10. How do we support more people into paid work?
11. Do you agree with the focus on Level 3 skills and how can we foster better engagement between businesses and skills providers?

### Institutions and narrative

12. How should we improve the institutions and networks that support economic growth?
13. What makes the West Midlands economy special and how can we better speak with one voice in the region?

### Place

14. How can Place-Based Strategies drive local economic growth, including the transformation of our town centres and high streets?
15. Do you agree with our identification of those growth sites of regional significance and the 'corridors of opportunity'?
16. Do you agree that our first priority in meeting the WMCA's housing need should be to bring brownfield sites into use and to increase the density and diversity of our housing supply?
17. What might be the opportunities and challenges of development in the Green Belt or Grey Belt?
18. How could arrangements with neighbouring local authorities be strengthened in order to meet housing shortfalls within the WMCA metropolitan area?

### Public services and net zero

19. Do you agree with the principles and priorities for public service innovation in the West Midlands?
20. Do you agree our proposed approach to developing the second West Midlands Net Zero Five Year Plan?

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- <sup>xxi</sup> West Midlands Growth Company, 2025, “It starts here”. Link: [https://www.investwestmidlands.com/it-starts-here/?utm\\_source=wmgrowthcom&utm\\_medium=pagelink&utm\\_campaign=it\\_starts](https://www.investwestmidlands.com/it-starts-here/?utm_source=wmgrowthcom&utm_medium=pagelink&utm_campaign=it_starts)
- <sup>xxii</sup> West Midlands Combined Authority, 2025, “Transport”. Link: <https://www.wmca.org.uk/what-we-do/transport/>
- <sup>xxiii</sup> West Midlands Combined Authority, 2020, “#WM2041”. Link: <https://www.wmca.org.uk/media/3639/wm2041-final.pdf>
- <sup>xxiv</sup> Most renewable energy generation opportunities will be in coastal regions that can take advantage of offshore wind resources.
- <sup>xxv</sup> West Midlands Combined Authority, 2025, “West Midlands Regional Energy Strategy”. Link: [https://www.wmca.org.uk/media/2mcjtntr/crt158863a-20241023-regional-energy-strategy-draft\\_v14.pdf](https://www.wmca.org.uk/media/2mcjtntr/crt158863a-20241023-regional-energy-strategy-draft_v14.pdf)
- <sup>xxvi</sup> Curtailment is the practice of deliberately disconnecting renewable energy generation from the electricity network, even when it may be able to generate power, to ensure that supply and demand are balanced at all times.
- <sup>xxvii</sup> Climate Change Committee, 2020, “Local Authorities and the Sixth Carbon Budget” Link: <https://www.theccc.org.uk/wp-content/uploads/2020/12/Local-Authorities-and-the-Sixth-Carbon-Budget.pdf>
- <sup>xxviii</sup> West Midlands Combined Authority, 2025. “West Midlands’ Theory of Growth”. Link: <https://www.wmca.org.uk/what-we-do/research-and-insights/west-midlands-futures/>