



Board Meeting

Date	30 th September 2016
Report title	Productivity & Skills Commission Update
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Report has been considered by	WMCA SEP Board WMCA Programme Board – 16 September 2016

Recommendation(s) for action or decision:

The Combined Authority Board is recommended to agree:

- 1.1 That the Commission develops activity under four strands:
 - a) Full analysis of the productivity challenge for each of the priority and enabling sectors identified within the SEP. This will include the skills challenge as one of the five drivers of productivity.
 - b) Development of products and tools to drive productivity at the firm level, to be guided by the analysis detailed under a) as well as building on, directly linking with and developing the work of the national Productivity Leadership Group and sector specific groups such as the Automotive Council UK.
 - c) Produce a clear set of actions to roll out and embed the use of the tools developed under b). An initial suggestion, aligning with the output from the skills workshop, is to consider how WMCA could facilitate the creation of a new Apprenticeship Standard to develop the leadership and management skills required to drive productivity and utilise the tools developed.

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- d) Research, policy analysis and policy development leading to recommendations on how WMCA can drive productivity through each of its strategic priorities, ensure that the local labour market is shaped to match our vision of a more productive region and to be clear on how these recommendations may affect social mobility.

1.2 That the following Governance arrangements are put in place:

- a) Clear mechanisms are mapped to engage with employers based on existing groups and the engagement of LEP Sector Champions
- b) A champion for each of the priority and enabling sectors is nominated to sit on a West Midlands Productivity Leadership Group with Dr Andy Palmer as Chair. These champions could effectively act as commissioners for the work carried out relating to their sector.
- c) A technical reference group is set up to support and advise on the work of the commission. This should be Chaired by a senior economist who would also act as Co-Vice Chair for the West Midlands Productivity Leadership Group. The technical reference group would be made up of experts that could act as commissioners for specific pieces of work primarily under 1.1 d)
- d) WMCA Cabinet Member for Productivity & Skills acts as Co-Vice Chair for the West Midlands Productivity Leadership Group.

1.3 That the agreed budget of £150,000 is deployed as follows:

- a) To commission the work described under 1.1 a)
- b) To commission overall programme management to include oversight of the commission as well as organisation of the West Midlands Productivity Leadership Group, business engagement activity and the technical reference group.
- c) To provide a fund to commission studies under 1.1 d).

1.0 Purpose

- 1.1 For the Board to consider the detailed proposal for the initial activity of the Commission.

2.0 Background

- 2.1 Further to the initial scoping of the Commission and the skills workshop held on 4th July there have been a number of conversations with technical experts and those with first-hand experience of running similar Commissions. This has supported the development of our thinking and refined the suggested approach.

- 2.2 Whilst skills are a key factor in determining productivity they are not the only factor and the approaches required to develop policy and activity in this space are different to those that would be applied to driving productivity at the firm level. There is also a marked difference in the interest that business leaders tend to have in these two different areas. Skills is a highly complex, technical policy area within which it can be difficult to deliver straight forward practical solutions within a short period of time. As such, the advice of those engaged in discussions on refining the approach to the Commission has been to separate those aspects relating to skills from engagement with business leaders until they reach a point where we can test and develop practical solutions. The suggested approach to the Commission allows for this through the separation of the 'think' piece (1.1 a and d) from the 'do' piece (1.1 b and c).

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- 2.3 The new government has maintained its focus on productivity but also has a new focus on social mobility. Treating skills and productivity as related but separate work strands will allow for the Commission to consider both aspects in relation to social mobility and economic growth.
- 2.4 The approach described picks up the output from the skills workshop as follows:
- a) Management and leadership will be examined under 1.1 c) particularly in terms of exploring the potential to create a new apprenticeship standard. This would provide an opportunity to harness local levy spend to drive productivity as well as making a contribution to the strategic objective to increase the number of people qualified to level 4+.
 - b) Collaboration between the public and private sector across FE and HE will also be explored under 1.1d) and would be integral to 1.1c)
 - c) Work readiness will be examined under 1.1 d)
- 2.5 The development of the 'Skills Engine' as referenced in the July report to SEP Board is currently being explored as part of WMCA's devolution agenda. This may become part of the activity of the Commission at a later date when the viability of various aspects have been tested with government.
- 2.6 The potential to look at a specific area relating to the skills challenges within the construction sector is currently being progressed by a group led by the GBS LEP Construction Sector Champion. The potential to bring this piece of work into the Commission will be kept under review.

3.0 Financial implications

- 3.1 As outlined in the report the current £150,000 Combined Authority Budget for the Productivity & Skills Commission will be utilised on commissioning the proposed initial workstreams and managing the work and administration of proposed Commission groups. Any Action Plans and recommendations arising from this initial commission work will require fully costing and suitable funding identified before any onward progression.

4.0 Legal implications

- 4.1 None directly arising from this report.

5.0 Equalities implications

- 5.1 None directly arising from this report.

6.0 Other implications

- 6.1 None.

7.0 Schedule of background papers

- 7.1 N/A