



Midlands Engine Strategy



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Foreword

The launch of the Midlands Engine Strategy is a demonstration of the government's commitment to making the Midlands a powerful engine for economic growth. Stretching from Shropshire to Lincolnshire, with the M1, M6, and most of our major railway lines running through it, the Midlands sits at the very heart of the UK economy. The Midlands is also a gateway to the global economy, boasting Birmingham and East Midlands Airports alongside key ports such as at Grimsby and Immingham.

The Midlands is essential to our national economic success. The region is responsible for over a fifth of the UK's total manufacturing capability. The services sector in the Midlands accounts for over four million jobs and is worth around £158 billion a year. This is a dynamic region: there are now 427,610 more people in employment in the Midlands than there were in 2010 and the size of the Midlands economy has increased by £32.9 billion.

But there's more that we can do to harness the region's potential to help deliver the future we want for our country after we have left the European Union. Building on our modern Industrial Strategy, the Midlands Engine Strategy sets out concrete actions we are taking to address productivity barriers across the Midlands, enabling businesses to create more jobs, export more goods and services, and grow their productivity. Today we are announcing our plans to invest £392 million across the Midlands through the Local Growth Fund. We will invest £20 million in a Midlands Skills Challenge to help close the skills gap between the Midlands and the rest of the country. We will launch the £250 million Midlands Engine Investment Fund this Spring to finance the expansion plans of SMEs across the region. And our Midlands Trade and Investment Programme will help position the Midlands Engine on the global stage.

Ours is an ambitious vision for the region. The Midlands Engine Investment Hub is helping to deliver more high value foreign investment projects. The first three Midlands Engine Trade and Investment Missions took place last year - to North America, China and Dubai - marketing the strengths of the Midlands on the world stage. And we will publish a Midlands Engine Investment Portfolio later this month, to showcase the potential opportunities for investors.

Underpinning the Midlands Engine Strategy, and crucial to its success, is close engagement with local partners – Local and Combined Authorities, universities, businesses and Local Enterprise Partnerships. The Midlands Engine Partnership, and its Chair Sir John Peace, have provided strong leadership for this work. Sajid Javid, the Ministerial Champion for the Midlands Engine will continue to lead the work for Government. Working together, we can achieve our ambitious vision for a Midlands economy that works for everyone.

Rt Hon Philip Hammond MP
Chancellor of the Exchequer

Chapter 1: Objectives

New Announcements

The government will invest £392 million in the Midlands through the Local Growth Fund. This funding will support projects that improve transport connections within and between towns and cities, enable people to develop their technical skills, and support clusters to grow. This is in addition to the £1.5 billion of Local Growth Fund investments in the Midlands that have previously been announced.

The government will provide £4 million to support the operation of the Midlands Engine Partnership. This will allow the Midlands Engine Partnership to deepen their excellent work bringing together Local Enterprise Partnerships, local authorities, businesses, academic institutions and others into a voluntary, regional partnership to drive growth across the Midlands.

The government is working with businesses and local government across the region to **ensure the Midlands' interests are fully considered as we look to secure the best possible deal for the whole UK in the upcoming negotiations on leaving the European Union.**

Opportunities and Challenges

- 1.1 The government wants the Midlands to become a growth engine for the whole UK. The Midlands is at the heart of the United Kingdom both geographically and economically. The region encompasses 11 cities, several important market towns, and a range of economically important rural areas.
- 1.2 The Midlands has huge economic potential. It is already home to more than ten million people.¹ Its economy is worth £217.7 billion - 13% of the UK's annual output.² It has the UK's second largest city – Birmingham – which is already growing rapidly: in 2014/2015, Birmingham's economy grew by 5.1%.³
- 1.3 Over the next few years, there are major opportunities to build on this base. From May, Birmingham and the wider West Midlands Combined Authority area will benefit from a directly elected Mayor able to use powers over skills, transport and planning to drive local growth. And HS2 will place the Midlands at the heart of England's high speed rail network, making it an even more attractive place for people to live and work, and for companies to do business.
- 1.4 This region is already the headquarters for a range of globally significant businesses, including Jaguar Land Rover, JCB and Rolls Royce. Last year, the Midlands accounted

¹ ONS (2016). [Population Estimates for UK, England and Wales, Scotland and Northern Ireland: Mid-2015](#).

² ONS (2016). [Regional gross value added \(income approach\), UK: 1997 to 2015](#).

³ ONS (2016). [Regional gross value added \(income approach\), UK: 1997 to 2015](#).

for 19.1% of all English goods exports going to over 100 countries.⁴ It is home to a number of nationally significant clusters, including advanced manufacturing in the Black Country and Derbyshire, the automotive cluster around Coventry and Warwickshire, and the ceramics industry in Stoke and Staffordshire. The Midlands' science and research base is also strong: the region has 20 universities, with research strengths ranging from civil engineering to space technology.

- 1.5 Over and above its well-known manufacturing strengths, the Midlands Engine economy has a strong services base. In 2015 Gross Value Added (GVA) in the service sector was £158.4 billion⁵, 72.8% of total GVA in East and West Midlands. The Midlands Engine Science and Innovation Audit⁶ highlighted that in 2014 the Midlands Engine accounted for 14% of UK GVA in real estate activity, 13% in business services and 9% in financial and insurance activities.⁷
- 1.6 Of course, the strengths of this region are not confined to its man-made assets. With seven Areas of Outstanding Natural Beauty, two UNESCO World Heritage Sites and the National Forest, the Midlands is a great place to live, work and visit.
- 1.7 However, despite these strengths, the Midlands economy has been falling behind over recent years. In 1997, the productivity gap between the Midlands and the UK average was about 10%.⁸ By 2015, it had grown to about 15%.⁹ This productivity challenge applies across both rural and urban areas.
- 1.8 The Midlands economy suffers from three key weaknesses that we need to address. First, there is a shortage of skilled workers. The proportion of highly skilled people is about 15% below the England average.¹⁰ One in every eight people in the West Midlands has no qualifications.¹¹ And too many skilled graduates are leaving the region after completing their studies.
- 1.9 Second, the region's economy is fragmented into small, poorly connected areas. This means that the whole sometimes adds up to less than the sum of its parts and the Midlands isn't making the most of its position at the centre of the country.
- 1.10 Third, there is a lack of entrepreneurship and economic dynamism. In 2015, the number of businesses created for every 100,000 people in London was more than double the rate in the Midlands.¹²

⁴ HMRC (2016). [UK regional trade statistics: third quarter 2016 - Table 1, 2015 data.](#)

⁵ ONS (2016). [Regional Gross Value Added \(Income Approach\) - Table 6, 2015 data.](#)

⁶ BEIS (2016).). [A Science and Innovation Audit Report for the Midlands Engine, sponsored by the Department for Business, Energy & Industrial Strategy](#)

⁷ BEIS (2016). [A Science and Innovation Audit Report for the Midlands Engine, sponsored by the Department for Business, Energy & Industrial Strategy – Table 1-1.](#)

⁸ ONS (2017). [Time series: GVA per hour worked: GOR West Midlands](#) and [Time series: GVA per hour worked: GOR East Midlands](#)

⁹ ONS (2017). [Time series: GVA per hour worked: GOR West Midlands](#) and [Time series: GVA per hour worked: GOR East Midlands](#)

¹⁰ ONS (2016). [Annual population survey \(Jan 2015-Dec 2015\) - NVQ4 and above](#)

¹¹ Nomis. [Labour Market Profile - West Midlands](#) – no qualifications

¹² ONS (2016). [Business demography for 2015.](#) ONS. [Population estimates\(2015\)](#) - all people

- 1.11 As we leave the European Union, it is more important than ever to ensure we build on the Midlands' existing strengths, address these key challenges, and ensure the Midlands fulfils its potential to drive growth across the UK.

Strategy

- 1.12 The government's Industrial Strategy set out our commitment to rebalance the economy through spreading growth across the whole country. Our approach will be flexible to the different challenges that different places face, ensuring that we are effectively targeting our investments and interventions.
- 1.13 In the Midlands, we intend to focus on five key objectives:
- i. **Improving connectivity** in order to raise productivity.
 - ii. **Strengthening skills** in order to make the Midlands a more attractive location for businesses.
 - iii. **Supporting enterprise and innovation** in order to foster a more dynamic regional economy.
 - iv. **Promoting the Midlands** nationally and internationally in order to maximise trade and investment in the region.
 - v. **Enhancing quality of life** in order to attract and retain skilled workers, as well as to foster the local tourist economy.
- 1.14 To support delivery of these objectives, **we will give Local Enterprise Partnerships across the Midlands £392 million to invest over the next four years**. This includes £151 million for the West Midlands City Region - the largest award for any City Region. This funding will come from the Local Growth Fund, and will support specific investments to address barriers to productivity and support clusters to grow. This is in addition to the £1.5 billion we have already awarded to the Midlands through previous rounds of the Local Growth Fund.

Table 1: New Local Growth Fund Allocations in the Midlands

Local Enterprise Partnership	New Funding Allocated
Black Country	£55.05 million
Coventry and Warwickshire	£42.44 million
Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2)	£62.99 million
Greater Birmingham and Solihull	£54.20 million
Greater Lincolnshire	£29.45 million
Leicester and Leicestershire	£25.87 million
Stoke and Staffordshire	£23.30 million
The Marches	£21.91 million
Worcestershire	£17.51 million
South East Midlands	£59.04 million
Midlands Total	£391.78 million

- 1.15 The government cannot deliver this strategy alone. The Midlands Engine Partnership brings together businesses, local authorities, academic institutions and Local Enterprise Partnerships. It is a unique example of local government and businesses voluntarily joining forces to deliver a shared vision for a whole region. Together with the West Midlands Combined Authority, and Local Enterprise Partnerships and local authorities across the region, it provides an excellent vehicle to support delivery of this strategy.
- 1.16 **The government will provide £4 million to support the Midlands Engine Partnership's operations over the next two years.** The government invites the Midlands Engine Partnership to set out over the coming months how it intends to deliver our shared vision for the Midlands to become an engine of growth. We also invite every business in the area to consider how they can contribute to our shared vision for the region, including through investing in the skills of their workforce, developing their own leadership skills, and getting involved in ensuring the Midlands is a great place to live and work.
- 1.17 To support this, we will work with the Midlands Engine Partnership to establish an industry board to support the Partnership's activities. This will be attended by the Secretary of State for Communities and Local Government, as the Government's Midlands Engine Ministerial Champion, and Sir John Peace, Chair of the Midlands Engine Partnership.
- 1.18 Finally, leaving the European Union will allow us to make new long-term decisions about our economic future. It will be crucial to ensure all regions' interests are considered as we develop our approach. **The government is therefore working with businesses, local government and others across the region to ensure the**

Midlands' interests are fully considered as we look to secure the best possible deal for the whole UK.

Chapter 2: Improving Connectivity

New Announcements

The government will invest in a programme of local transport improvements across the region through the Local Growth Fund. These include:

- £25 million to tackle congestion and improve access to major employment sites in the Black Country.
- £12 million to improve road connections in and around Loughborough.
- £12 million to unlock commercial and housing developments, and improve superfast broadband infrastructure, in Coventry and Warwickshire.

We have invited Midlands Connect, the proposed Sub National Transport Body, to develop proposals for improving connectivity across important corridors in the region, including with a view to improving East-West transport links. We welcome the publication of the *Midlands Connect Strategy: Powering the Midlands Engine*, which outlines transport investment priorities across the region.

By the end of 2018, the government commits that all rail passengers in the Midlands will have the option to use a smart ticket on local rail services. Midlands Connect will sit on the National Smart Ticketing Delivery Board, to ensure that our national programme is tailored to the needs and ambitions of the Midlands.

The government will work with Midlands Connect and its partners, including Transport for West Midlands, to consider how smart ticketing can be extended to other modes of transport in the region.

The government will work with the local authorities and Local Enterprise Partnerships around Curzon Street, Birmingham Interchange and Toton HS2 stations to ensure that we maximise the benefits that HS2 can bring to this region.

The government invites the Midlands Engine Partnership to develop proposals for establishing 5G testbeds in the region, in order to place the Midlands at the vanguard of the next wave of digital technology.

The government will provide £250,000 to Transport for the West Midlands to support the development of proposals for a new West Midlands Integrated Command Hub, to support coordination between the different agencies responsible for managing the local transport network.

Opportunities and Challenges

- 2.1 The Midlands has three key strengths in its connections to the north and south of England, Wales and the wider UK and international economy.
- 2.2 First, the Midlands' geographical location at the centre of the UK gives it an inherent advantage in ensuring it is well connected to the wider UK economy. 92% of the UK's population can reach the Midlands in less than four hours.¹³ 45% of British rail freight goes through the Midlands.¹⁴
- 2.3 Second, the Midlands is already quite well connected to the international economy. Birmingham Airport handles more than ten million passengers each year.¹⁵ East Midlands airport is the second largest freight airport in the country.¹⁶
- 2.4 Third, the Midlands has comparatively strong digital infrastructure. The UK average for superfast broadband coverage is 92.4%.¹⁷ In the East Midlands, 95.2% of households can access superfast broadband.¹⁸ In the West Midlands, the figure is 94.7%.¹⁹
- 2.5 However, transport connections within the region are often too slow and congested. There were over six million hours of delays across the Midlands Motorway Hub in 2014/2015.²⁰ It takes nearly three hours to travel just over 100 miles from Leicester in the North East of the region to Hereford in the South West by train - more than three times as long as it will take to travel a similar distance from London to Birmingham once HS2 opens.
- 2.6 The weakness of transport connections within the region is a particular problem because of the dispersed nature of the population. Even though Birmingham is the second largest city in the UK, the Midlands' population is considerably more spread out than most other regions of England. This makes it more expensive for people, goods and ideas to move around, holding back innovation and making it harder for people to find jobs that match their skills. Ultimately, this lowers productivity, and wages.

¹³ UKTI (2016). [Midlands Engine Regeneration Opportunities Pitchbook](#) - pg. 4

¹⁴ Midlands Connect (2016). [Midlands Connect: Emerging Strategy](#) – pg. 8

¹⁵ Civil Aviation Authority (2015). [Terminal Passengers 2005 - 2015 \(in thousands\)](#) – table 10.3

¹⁶ Civil Aviation Authority (2015). [Airport data 2015](#) – table 13.2

¹⁷ Think Broadband (2017). [UK Superfast and Fibre Coverage](#) (using UK definition over 24 Mbps)

¹⁸ Think Broadband (2017). [East Midlands Superfast and Fibre Coverage](#) (using UK definition over 24 Mbps)

¹⁹ Think Broadband (2017). [West Midlands Superfast and Fibre Coverage](#) (using UK definition over 24 Mbps)

²⁰ Midlands Connect (2016). [Picking up the Pace](#) – pg 14

Already in train

More than £5 billion in this parliament is being invested into new **Midlands transport infrastructure**, including smart motorways and vital junction improvements.

HS2 will see an overall planned £55.7 billion investment across the whole route. The Midlands will be a key beneficiary with three HS2 stations and with Birmingham at the heart of the HS2 network.

£17 million has been committed to enable **Midlands Connect** to develop its long-term transport investment strategy for the region.

£5 million funding for developing the concept of the **Midlands Rail Hub** - a programme of rail upgrades that could provide up to ten additional trains per hour into central Birmingham.

Strategy

- 2.7 The government's Industrial Strategy Green Paper set out our overarching approach to upgrading infrastructure and driving growth across the whole country. In the Midlands, we propose to focus in particular on improving connectivity through:
- (i) Connecting the towns and cities of the Midlands to each other
 - (ii) Connecting the Midlands to the rest of the country
 - (iii) Modernising digital infrastructure

Local transport connections

- 2.8 We will invest in improving local transport connections and enhancing East-West connectivity, to address the fragmentation of the Midlands economy and raise productivity.
- 2.9 We are already investing more than £5 billion over the course of this Parliament in new transport infrastructure in the region; placing Midlands Connect on a statutory footing to ensure strong regional governance structures for transport investment; and providing £17 million for Midlands Connect to develop proposals for transport improvements.
- 2.10 Through this strategy, we will use the Local Growth Fund to invest in a programme of transport upgrades across the Midlands. These include:
- Over £25 million for transport infrastructure in Coventry and Warwickshire, to unlock key commercial and housing development sites and enhance local broadband infrastructure.
 - £12 million to upgrade transport connections around Loughborough, including the A512 and improvements to Junction 23 of the M1. This will unlock land for 4000 new homes, support new jobs in the area, and enhance facilities for pedestrians and cyclists. The project will also stimulate and support access to development in the new Loughborough and Leicester Science and Innovation Enterprise Zone.

- £25 million investment in the Black Country to tackle congestion and reduce journey times on key routes. The funding will provide improved access to employment sites and create a safe environment for people to walk or cycle.
- £7.5 million to improve the A38 at Bromsgrove, in order to speed up journey times and accelerate delivery of homes and jobs.
- £10 million to refurbish Broadmarsh bus station and car park. This investment will provide a new tram stop, and deliver a new retail area in Nottingham City Centre. The project will support a £150 million plan to regenerate the Broadmarsh shopping centre and surrounding area. When completed in 2020, this renovation of the Southern Gateway area is expected to boost the local economy by over £1 billion pa, create nearly 3,000 jobs, and attract an extra three million people a year to the city.
- Up to £10 million to improve University Station in Birmingham, to enhance passenger experience and reduce overcrowding.
- £8.5 million for a first phase of improvements to the Hanley-Bentilee link road, in Stoke and Staffordshire, to improve journey times and reliability, particularly for buses. This funding will act as a catalyst for local investment, creating jobs and opening up land for housing.
- £5 million for development of the Pershore Northern Link Road, in Worcestershire, which will enable development of commercial land and provide access for up to 700 new homes.
- £2.4 million to enable Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership to purchase strategic sites that will make sure the area benefits as much as possible from HS2. The land will be used for housing and employment.

2.11 Where there is more that the public sector can do to support the integration of the Midlands economy, in order to make the region more attractive to businesses and workers, we stand ready to help. We have therefore invited Midlands Connect to develop proposals for improving connectivity across important corridors in the region, including with a view to improving East-West transport links.

2.12 We will also support the adoption of smart ticketing across the Midlands. The government announced at Autumn Statement 2016 that we will provide £80 million nationally to support the adoption of smart ticketing on railways across the country. We will use this funding to ensure that all rail passengers in the Midlands region have the option to use a smart ticket on local rail services by the end of 2018. We will work closely with Midlands Connect to make this a reality. We have therefore invited Midlands Connect to sit on the national Smart Ticketing Delivery Board, to help ensure the national programme is tailored to the requirements of the region.

2.13 This is the first step in the government's vision for smart ticketing in the Midlands. The government will work with Midlands Connect to consider how smart ticketing can be extended to other modes of transport.

2.14 The government will provide £250,000 to Transport for the West Midlands to support the development of proposals for a new West Midlands Integrated Command Hub, to support coordination between the different agencies responsible for managing the local transport network. This will ensure that any potential disruption arising from the construction of HS2, in particular, can be effectively managed.

Connecting the Midlands to the national economy

- 2.15 We will make the most of the Midlands' central location in the UK and its international connections, through a £55.7 billion investment in HS2. This will serve three stations in the Midlands, and place Birmingham at the heart of the national high speed rail infrastructure. When the full HS2 scheme is running in 2033, Birmingham will be within an hour's train journey of Manchester, Leeds, and London.
- 2.16 HS2 has the potential to have a transformative impact on the Midlands economy, in particular around the new stations. The government has already demonstrated its willingness to help to make the most of this opportunity, including through the creation of an Enterprise Zone around Curzon Street station that will support a £1 billion investment programme, and providing a total of more than £190 million to fund Metro extensions to Centenary Square and Edgbaston, and to Digbeth and Curzon Street Station. **The government will continue to work with local partners to consider how public sector investment can continue to help to ensure that we maximise the benefits HS2 can bring to the local community.**

Modernising digital infrastructure

- 2.17 Digital connectivity is also crucial to raising productivity and living standards. The internet has revolutionised the way we work. Superfast broadband is already supporting economic growth, raising business productivity, and improving quality of life for residents. We need to ensure that the Midlands' digital infrastructure keeps pace with national and international competitors.
- 2.18 The government is already investing in improving digital connectivity across the Midlands; to date there has been £111 million of investment across the Midlands through Broadband Delivery UK, with further investment continuing.
- 2.19 We announced at Autumn Statement 2016 that we would invest an additional £1 billion by 2020/2021 to improve digital infrastructure nationally. This will include establishing 5G testbeds, to support local areas to embrace the next wave of digital technology. **The government therefore invites the Midlands Engine Partnership to develop proposals for establishing 5G testbeds in the region.**

Chapter 3: Strengthening Skills

New Announcements

The government will establish a Midlands Skills Challenge, with the objective of closing the skills gap between the Midlands and the rest of the country. The government's first steps to support the region to meet this challenge include:

- **Investing £11 million to provide additional Work Coaches**, in order to deliver targeted employment support to unemployed people across the West Midlands Combined Authority.
- **Providing £2 million to offer English-language training** to people in the Midlands whose lack of ability to speak English is holding them back from accessing employment.
- **Providing £7 million to pilot innovative approaches to supporting employers to help employees with mental health issues**, following the findings of the recent West Midlands Mental Health Commission.
- **Testing innovative approaches to lifelong learning in the Midlands.** Further details of our approach will be announced in due course.

The government will work with the Midlands Engine Partnership and the West Midlands Combined Authority to develop options for enabling transfer of funds within the apprenticeship service.

The government will fund a programme of skills investments across the region through the Local Growth Fund. These include:

- £8 million to create a new world-class teaching university in Hereford to address the shortage of skilled graduate engineers. Traditional lectures will be replaced with hands-on learning and practical projects that aim to solve specific real world problems.
- £11 million to support skills in Coventry and Warwickshire, including the creation of a state of the art Apprenticeship Academy at Warwick University
- £7 million to invest in capital infrastructure for Further Education colleges in the Black Country.

Opportunities and Challenges

- 3.1 Regional disparities in skills are crucial to explaining regional disparities in growth and productivity. Businesses will choose to locate and expand in places where they can easily find people with the skills they need.
- 3.2 The Midlands has key strengths on which we can build. First, the Midlands is home to 20 universities. These include three universities that have been ranked in the top 150 in the world – Warwick, Birmingham, and Nottingham. The thriving higher education sector in the region provides a valuable base for ensuring the region has the skills it

needs to attract businesses.

- 3.3 Second, the Midlands has a bedrock of highly skilled, specialist employees in high value manufacturing. Over 600,000 people in the Midlands work in manufacturing, delivering over 21% of the UK's annual manufacturing output.²¹
- 3.4 Third, the Midlands has a strong tradition of apprenticeships, reflecting its industrial heritage. In 2015/2016, there were 1,045 apprenticeship starts per 100,000 people in the Midlands.²² This was about 14% higher than the England average of 920.²³
- 3.5 However, these strengths should not obscure the underlying story: the Midlands skills base is weak compared to other regions. Across England, 36.8% of people have at least a qualification that is equivalent to a degree and this rises to nearly 50% in London.²⁴ The figures for the East and West Midlands are 31.8% and 31.2% respectively.²⁵ The West Midlands is the region with the highest proportion of people with no qualifications – 13%.²⁶ The inactivity rate in the West Midlands is 23.1%²⁷, compared to the national average of 21.6%.²⁸ As a result, in 2015, at least 30,000 vacancies were hard to fill because of a lack of suitably skilled candidates.²⁹
- 3.6 This situation reflects two facts: first, outcomes in schools in the Midlands are below the national average. More than a quarter of secondary schools in the Midlands are not reaching the required standards set out by Ofsted.³⁰ The West Midlands is the joint worst performing region, along with Yorkshire and the Humber, for primary school outcomes.³¹
- 3.7 Second, the Midlands struggles to retain the graduates it educates, and also to attract graduates from other parts of the country. Just 37.9% of graduates in the East Midlands who are in work six months after graduation, are working in the region.³² The figure for the West Midlands is 55.4%.³³ In contrast, London retains 69.2% of its graduates.³⁴

²¹ ONS (2016). [Regional gross value added \(income approach\), UK: 1997 to 2015](#).

²² DfE and SFA (2017). [Statistical data set FE data library: apprenticeships](#) and ONS [Population estimates \(2015\)](#)

²³ DfE and SFA (2017). [Statistical data set FE data library: apprenticeships](#) and ONS [Population estimates \(2015\)](#)

²⁴ Nomis. [Qualifications – Area Comparison: NVQ4 and above](#) from ONS Annual Population survey [Jan 2015-Dec 2015].

²⁵ Nomis. [Qualifications – Area Comparison: NVQ4 and above](#) from ONS Annual Population survey [Jan 2015-Dec 2015].

²⁶ Nomis. [Qualifications – Area Comparison: No qualifications](#) from ONS Annual Population survey [Jan 2015-Dec 2015].

²⁷ ONS (2017). [Time series: LFS: Economic inactivity rate: West Midlands](#)

²⁸ ONS (2017). [UK labour market: Feb 2017 – Figure 16](#)

²⁹ UKCES (2016). [UK Employer Skills Survey 2015: England results data tables](#) – Table 45

³⁰ Ofsted (2016). [The Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 2015/16](#) – pg. 11

³¹ DfE (2016). [SFR62/2016: National curriculum assessments at key stage 2](#) – Table L1

³² HESA. [Destinations of Leavers from Higher Education 2014/15](#) – table 12b

³³ HESA. [Destinations of Leavers from Higher Education 2014/15](#) - table 12b

³⁴ HESA. [Destinations of Leavers from Higher Education 2014/15](#) – table 12b

Strategy

Already in train

£9.5 million for the Engineering Skills Training Centre on the MIRA Enterprise Zone in Hinckley. This centre will provide approximately 2,500 training places annually to address skills shortages and increase the number of skilled engineers.

£6.9 million to support development of three projects to form an Advanced Manufacturing Hub in the Stoke and Staffordshire area. This includes an AgriSTEM academy at South Staffordshire College, an advanced manufacturing and design centre at Stafford College and additional workspace at the JCB Academy to increase apprenticeship provision.

Investment in the Midlands' school infrastructure through the Priority School Building Programme, which will rebuild 58 schools in the region by February 2018, improving the school environment for around 35,000 children. A further 43 schools in the Midlands will be rebuilt under phase two.

The Government has recently announced £170 million of capital funding to create a network of Institutes of Technology to ensure sufficient provision of high-quality technical education at higher skills levels, tailored around the needs of employers in local areas, including the Midlands.

- 3.8 Addressing this disparity in skills outcomes will require long-term interventions at each step of the education and skills system. Our ambition is to close the skills gap between the Midlands and the rest of the country.
- 3.9 The Industrial Strategy Green Paper set out our approach to developing skills nationwide, including through building a new system of technical education, boosting science, technology, engineering and maths skills, and raising skill levels in lagging areas. Building on this, the Budget set out the additional funding the government will provide to support further education and lifelong learning.
- 3.10 In order to build on this progress for the Midlands specifically, we are launching the Midlands Skills Challenge. We will work with the Midlands Engine Partnership, the Mayor of the West Midlands (once elected), Local Enterprise Partnerships, Local Authorities, schools, universities, further education colleges and others to take the steps necessary to improve skills levels across the region. The government confirms that, as part of the first phase of the Midlands Skills challenge, we will:
- Provide £11 million over the next two years to invest in additional Work Coaches across the West Midlands. Work Coaches provide bespoke support, for example mentoring or interview training, to help unemployed people return to the labour market.
 - Invest £2 million in English-language courses for people across the region whose lack of proficiency in English is stopping them from accessing the labour market.
 - Invest £7 million to trial innovative approaches to supporting employers to help their employees with mental health issues. This follows the recent recommendations of

the West Midlands Mental Health commission. The pilots will build on the findings of the review currently being led by Paul Farmer and Lord Stevenson.

- Test innovative approaches to lifelong learning in the Midlands. These might include reducing the cost of specific further education courses, or working with employers to develop bespoke training programmes with colleges improving outreach and providing better information. Further details of our approach will be announced in due course.
- Involving the Midlands Engine Partnership and the West Midlands Combined Authority as Government develops options for enabling transfer of funds within the apprenticeship service.

3.11 These are intended as initial steps to help to meet the challenge we face. We will work with the Midlands Engine Partnership, the West Midlands Combined Authority, and others to build on these first steps, through developing a long-term plan for addressing the skills gap in the region. In particular, we will examine the causes of the gap in skills performance between the Midlands and other parts of the country, and develop a plan for closing the gap.

3.12 The government will also continue to invest in skills infrastructure in the Midlands. To support us to meet the Midlands Skills Challenge, the government is investing through the Local Growth Fund:

- £8 million to support the delivery of a new teaching university in Hereford to address the shortage of skilled graduate engineers in the area. Traditional lectures will be replaced with hands-on learning and practical projects that aim to solve specific real world problems. The funding will deliver the first phase of teaching and administration facilities.
- £11 million to support skills in Coventry and Warwickshire. This will include creation of a state of the art Apprenticeship Academy at Warwick University to deliver over 1,000 degree level apprenticeships in advanced manufacturing.
- £7 million in a programme of skills infrastructure investments in the Black Country, and support for a similar programme in the Greater Birmingham area. These investments will improve the condition of further education and training facilities, in order to help ensure skills supply in the area meets the demands of local businesses.
- £6.5 million to set up a Skills Capital Investment Fund in Greater Lincolnshire. This will support investment in equipment and technology; improve the condition of skills training facilities; and introduce digital technology to improve the delivery of training.
- £4 million to create a new Further Education Engineering Campus in Worcester City Centre.
- Up to £3 million to set up a skills infrastructure investment programme in the Marches. This investment will improve training facilities and support the purchase of new training equipment to improve the quality of training delivered.
- £1.9 million to create a new Creative Quarter Digital Skills Campus in Nottingham. This will deliver digital media training in an innovative study environment.

Chapter 4: Supporting Enterprise and Innovation

New Announcements

Through the Local Growth Fund, the government will support industrial clusters across the Midlands. This will include investing:

- £14 million to develop a global space technologies hub in Leicester.
- £11 million to support a programme of investments in high value manufacturing in the Black Country.
- Up to £7 million in the Birmingham Thermal Energy Demonstrator. This will support low-carbon technologies through establishing a demonstrator test bed facility in the Tyseley Energy Park.

The government will work with the Midlands Engine Innovation Group to develop investment proposals for building on the strengths identified in the region's recent audit of its science and innovation strengths.

The government will work with key stakeholders such as the Midlands Engine Partnership to review proposals for increasing productivity across supply chains, including the proposed Midlands Manufacturing Productivity Programme.

The government endorses the UK's first Life Sciences Opportunity Zone at Charnwood campus in Loughborough.

The government confirms that **the Midlands Engine Investment Fund will be formally launched and open for applications this spring. The Fund will invest over £250 million in small and medium sized businesses across the region.**

Challenges and Opportunities

4.1 The Midlands is home to a range of nationally significant clusters of industry and expertise. This was highlighted by the recent Midlands Engine Science and Innovation Audit. The area's sectoral strengths include:

- **Advanced manufacturing**, particularly in the Black Country and Derbyshire. The Midlands accounts for over 21% of UK manufacturing output.³⁵
- **Automotive** cluster in Coventry and Warwickshire, where several internationally renowned companies are based, including Jaguar Land Rover, BMW, General Electric, and Aston Martin Lagonda. 39% of employment in the UK automotive sector is located in the Midlands.³⁶
- **Connected and Autonomous vehicles**, much of the UK's world-leading capabilities in this emerging sector is located in the Midlands, ranging from the UK Autodrive driverless car trial jointly run by Coventry and Milton

³⁵ ONS (2016). [Regional gross value added \(income approach\), UK: 1997 to 2015](#)

³⁶ ONS (2016) [UK business register and employment survey](#)

Keynes, the Transport Systems Catapult, the Nissan Technical Centre Europe (Cranfield), and leading proving grounds like Millbrook and Horiba Mira.

- **Ceramics** in Stoke and Staffordshire. The ceramics industry employs 4,800 people in the West Midlands; this is over double the number of people employed in all the other UK regions combined.³⁷
- **Life sciences and medical devices** in Birmingham and Nottingham. The Midlands has more medical technology companies than any other region of the UK.³⁸
- **Agri-food and drink processing**, particularly in Lincolnshire, the Marches and Leicestershire. 132,000 people in the Midlands work in this sector, across 33,000 companies.³⁹
- **Space technology** around the Space Research Centre and Earth Observation Centre in Leicester.
- **Digital technology**, including in the cyber security clusters in Malvern and Nottingham, and the games development clusters in Leamington Spa and Coventry. Approximately 139,000 people are employed in the digital technology economy in the Midlands.⁴⁰

4.2 These clusters are underpinned by the region's strong science and research base. The Midlands' 20 universities have research strengths across a range of areas, including manufacturing technology, civil engineering, and space technology. Six research intensive universities in the Midlands have come together to form Midlands Innovation, a world-class university research and innovation partnership. From the National Automotive Innovation Centre at the University of Warwick to the Life Sciences Campus in Birmingham, and from the space research in Leicester to the Carbon Neutral Laboratory for Sustainable Chemistry, a collaboration between the University of Nottingham and GlaxoSmithKline, the Midlands is home to world leading research across a range of specialisms.

4.3 The region has key assets including the National Exhibition Centre and International Convention Centre in Birmingham, hosting national and internationally focused conferences and events. IBM's Client Innovation Centre is in Leicester, providing high value application development and maintenance and systems management services. And the Midlands Engine is home to a number of notable clusters of innovative firms - from cyber security in Malvern and Nottingham, to the games development clusters in Leamington Spa and Coventry.

4.4 However, despite these strengths, productivity in the Midlands still lags behind the national average. GVA per employee in the Midlands is £44,447 compared to the UK

³⁷ House of Commons Library (2016). *Debate Pack: Government support for the ceramics industry* – pg 2

³⁸ BEIS and Office for Life Sciences (2016), *Strength and Opportunity: the data behind the charts*, table at MedTech Regional 1 tab

³⁹ BEIS (2016).). *A Science and Innovation Audit Report for the Midlands Engine, sponsored by the Department for Business, Energy & Industrial Strategy* - Table 2-1.

⁴⁰ ONS (2016) *UK business register and employment survey*

average of £50,830.⁴¹ This is true even in areas of comparative strength – GVA per employee in manufacturing in the Midlands is 23.90% below the UK average.⁴²

- 4.5 This is reflected in the lack of dynamism in the Midlands' economy. Despite the area's research strengths, in 2015, there were 54 new companies created per 10,000 people in the East Midlands, and just 51 in the West Midlands. This is about 25% below the England average of 70, and less than half of the figure for London.⁴³

Strategy

Already in train

Innovate UK, the UK's Innovation Agency, has invested a total of over £500 million with almost 3,000 organisations across the Midlands since April 2010.

£60 million for the development of an Energy Research Accelerator to develop future energy technologies.

8 Enterprise Zones are supporting clusters across the Midlands to grow and prosper.

- 4.6 Nationally, the government's modern Industrial Strategy aims to increase productivity and drive growth across the whole country, including through investing over £4 billion in innovation across the UK, upgrading our infrastructure, and supporting businesses to start and grow. We will work with the Midlands to ensure that our national Industrial Strategy is appropriately tailored to the region's strengths.
- 4.7 Building on this, in the Midlands we will:
- i. use targeted investments to support the region to build on its existing science and innovation strengths.
 - ii. support industrial clusters to realise their potential.
 - iii. support small and medium sized enterprises to grow and become more competitive.
- 4.8 We will continue to invest in the region's science and research strengths. Our previous investments include £60 million for the development of an Energy Research Accelerator to develop future energy technologies, and £300 million in the High Value Manufacturing Catapult, which has two of its centres in the Midlands. Now, through the Local Growth Fund, we will invest:
- £14 million to develop a nationally significant Space Park in Leicester to develop a global hub for space technologies.
 - £11 million to support a programme of investments designed to drive supply chain development and integration, and promote inward investment, in the Black Country.

⁴¹ ONS (2017). [Regional and sub-regional productivity in the UK](#) –2015 data

⁴² ONS (2016). [Regional gross value added \(income approach\), UK: 1997 to 2015](#) and ONS (2016) [UK business register and employment survey](#)

⁴³ ONS (2016). [Business demography for 2015](#). ONS. [Population estimates\(2015\)](#) - all people

- Up to £7 million in the Birmingham Thermal Energy Demonstrator. This will support the development of low-carbon technologies at a new facility in the Tyseley Energy Park, in Birmingham.
- £6.8 million to create a Convergent Science and Technology Centre in Nottingham. This will help to speed up the development of healthcare products.
- £6.5 million to boost the agri-food sector in Lincolnshire. This will provide services and infrastructure for the Holbeach Food Enterprise Zone, and support the establishment of a new Food Enterprise Zones at Holbeach and Hemswell Cliff in addition to another site near Grimsby.
- £5 million to develop a new Centre for Health Science in Lincolnshire. This is the next step towards the establishment of a full medical school in the region.

- 4.9 We are keen to build on these investments over the coming years. The Midlands Engine Science and Innovation Audit, published last year, identifies key strengths and opportunities for growth across the region. The government will now work with the Midlands Engine Innovation Group to develop investment-ready propositions. This will draw on the evidence identified in the Audit as well as from other Midlands Engine activities.
- 4.10 We will also use other mechanisms available to us to support local clusters to grow. Through the Enterprise Zone programme, the government incentivises businesses and local government to support investment and generate growth in eight Zones across the Midlands Engine area. We have recently confirmed two of these Enterprise Zones – at Brierley Hill, and across Loughborough and Leicester.
- 4.11 We are also endorsing the UK's first Life Science Opportunity Zone at Charnwood Campus in Loughborough. The government will work with local partners to build a strong vision for developing the area's life science cluster, and to develop proposals for delivering that vision.
- 4.12 The government will support small businesses across the region to grow and diversify their activities. The government is supporting the Midlands Engine Investment Fund, which will provide over £250 million to over 1,400 smaller businesses and create approximately 3,800 jobs in the Midlands. The government can confirm that the Midlands Engine Investment Fund will be formally launched and open for applications this spring, with the first investments following shortly after.
- 4.13 Finally, to support delivery of our modern Industrial Strategy, we are keen to increase productivity at all stages of the supply chain. As mentioned in the government's Industrial Strategy Green Paper, we will look to strengthen the supply chains across different regions including in the Midlands. We will work with key stakeholders, including the Midlands Engine Partnership and the West Midlands Combined Authority, to review different proposals in this space, including the proposed Midlands Manufacturing Productivity Programme.

Chapter 5: Promoting Trade and Investment

New Announcements

The government is announcing the Midlands Trade and Investment Programme (on page 25 of this strategy), designed to bring the Midlands to the global market. This will include bespoke events in Europe, North America, Asia, Africa and the Middle East.

The government will publish a Midlands Engine Investment Portfolio at MIPIM 2017. This will set out the most exciting opportunities for investors across the Midlands region.

Challenges and Opportunities

- 5.1 The Midlands has strong connections to the rest of the world. The region has two international airports, serving over 14.6 million passengers a year⁴⁴, and flying to over 200 countries⁴⁵. It also has some of the best shipping ports in the UK, in Greater Lincolnshire. The Ports of Grimsby and Immingham combined form the UK's largest port by tonnage, handling 59.1 million tonnes of cargo each year.⁴⁶
- 5.2 The region is an attractive place for investors. It is well connected to other areas of the UK: 92% of the UK's population is within a four hour commute of the Midlands.⁴⁷ 31% of the population is under 25⁴⁸, offering a young, dynamic pool of labour for businesses.
- 5.3 Reflecting these advantages, the Midlands has performed well on inward investment over recent years. Since 2011, over 1,000 projects have secured foreign investment in the region, creating or safeguarding over 100,000 jobs.⁴⁹ Foreign investors have helped to catalyse growth in the region, through acting as anchors for local economies, and supporting extensive supply chains across the region.
- 5.4 Midlands exports have also performed strongly. In 2015, the Midlands region exported £39.9bn worth of products to over 100 countries.⁵⁰ This represented an increase of 6.5%⁵¹ from 2014 – the largest rise in exports of any UK region.
- 5.5 As the UK exits the European Union, it is vital that we maintain and build on these strengths.

⁴⁴ Civil Aviation Authority [Terminal Passengers 2005 - 2015](#) (in thousands) - Table 10.3

⁴⁵ UKTI (2016). [Midlands Engine Regeneration Opportunities Pitchbook](#) – pg. 4

⁴⁶ DfT (2016). [UK Port Freight Statistics: 2015](#)

⁴⁷ UKTI (2016). [Midlands Engine Regeneration Opportunities Pitchbook](#)- pg. 4

⁴⁸ ONS [2015 Mid-year Population Estimate](#)

⁴⁹ DfT [Internal Foreign Direct Investments Statistics](#). For the past years figures see: [Department for International Trade inward investment results 2015 to 2016](#)

⁵⁰ HMRC (2016). [Regional trade stats](#).

⁵¹ HMRC (2016). [Regional trade stats](#).

Strategy

Already in train

The Midlands Engine Investment Hub in Birmingham, supported by over £5 million from the government, is driving inward investment in key sectors and regeneration projects across the region.

The first Midlands Engine Trade and Investment Missions to North America, China and Dubai took place last year, marketing the strengths of the Midlands on a world stage.

- 5.6 The Industrial Strategy Green Paper set out how we propose to boost growth and productivity across the economy through encouraging trade and investment. In the Midlands, we will deliver this through:
- **working with local partners to promote the Midlands across the world.** We have previously provided over £5 million to support the region to market its strengths. Building on this, we will work closely with Midlands Engine partners to deliver our Midlands Trade and Investment Programme, using government funding to meet our shared objectives of stimulating trade and investment. This Programme comprises a range of activities across four continents. From Germany to the Gulf, and from Eastern Europe to China, we will demonstrate that the Midlands is open for business. We will explore the potential for trade missions promoting the Midlands Engine in key markets around the world in 2017 and beyond.
 - **promoting specific, investment-ready opportunities, to ensure that the opportunities available are absolutely clear to investors.** We will shortly publish a Midlands Engine Investment Portfolio, setting out the most exciting capital investment opportunities for investors across the Midlands.



MIDLANDS ENGINE TRADE AND INVESTMENT PROGRAMME

- | | |
|------------------------|---|
| March 2017 | <ul style="list-style-type: none"> • First Ministerial-led Midlands International Trade Summit bringing business enablers and the private sector together at the Vox Conference Centre in Birmingham. • Launch a Midlands' Export Champions programme, to encourage a cadre of successful exporters to inspire others. • First ever whole-Midlands pavilion at the MIPIM property show in Cannes, to be repeated in 2018 and 2019. • Launch of Midlands Engine Investment Portfolio, to be used at MIPIM. • Qatari Trade & Investment Conference in Birmingham to showcase a broad range of investment opportunities across the Midlands. • Lead a trade mission to Automechanika in India with local partners including the UK India Business Council and SMMT, building on the automotive strengths in the Midlands. • Host inward mission from potential Global Entrepreneurs Programme companies from Eastern Europe. • Midlands Engine Investment Hub opens in Birmingham to drive inward investment in key sectors and capital investment (regeneration) across the region. |
| Mid 2017 | <ul style="list-style-type: none"> • Announce successful second year Challenge Fund projects. • Publish the International Trade Barriers and Drivers project results to provide sophisticated intelligence on the capacity constraints of Midland's exporters. • Procure econometric research to model future FDI flows and opportunities. |
| June 2017 | <ul style="list-style-type: none"> • Host Gulf Inward tour to the Midlands. |
| Late 2017 | <ul style="list-style-type: none"> • Launch a three year China Trade and Investment strategy. • Extend the Export Champions Programme to include foreign-owned companies who will help to promote the region to potential new investors. |
| Future Missions | <ul style="list-style-type: none"> • A joint mission with Innovate UK to Silicon Valley for innovative Midlands' entrepreneurs. • Build on the cultural diversity of the region and exploit strong links with East Africa (particularly Kenya and Uganda) and turn these into trading opportunities. • Targeted approaches to the USA and Japan will also be considered to take advantage of both trade and opportunities in FDI in priority sectors for the Midlands Engine such as Food and Drink. • Take Midlands interactive games and entertainment companies to Gamescom 2017. |

Chapter 6: Enhancing Quality Of Life

New Announcements

Through the Local Growth Fund, the government will invest:

- £12 million to develop Black Country Garden City, offering new locations for high quality housing development.
- £6 million to catalyse the regeneration of Derby City Centre.
- £2 million to improve cultural infrastructure in Warwick, including through redeveloping and expanding the Warwick Arts Centre.
- £0.5 million for a new visitor centre at Sherwood Forest, as well as improvements to existing walking and cycle routes.

The government will work with local stakeholders to explore how we can best make use of the Government Art Collection and other publicly held art collections to support private sector growth across the Midlands. This will include consideration of whether we could use these collections to house and showcase the government's art in Birmingham.

Challenges and Opportunities

- 6.1 Successful places need to be able to attract dynamic, skilled workers who can drive local productivity and growth. The Midlands is well positioned to do this.
- 6.2 The Midlands encompasses some of the most renowned natural, historical and cultural sites in the country. From the UNESCO World Heritage sites of Derwent Valley Mills and Ironbridge Gorge, to the Peak District National Park and the National Forest, the Midlands has a rich cultural and natural heritage. Reflecting this in 2015, 20.1 million⁵² overseas and domestic overnight⁵³ visits were made to the Midlands, with inbound visits alone contributing £1.25 billion spend⁵⁴. This is in addition to over 230 million day visits.⁵⁵ In 2013, the economic value (GVA) of tourism in the Midlands was £6.33 billion.⁵⁶
- 6.3 Increasing housing supply is central to the government's vision of a country that works for everyone. The Homes and Communities Agency is already working with partners on 85 strategic housing sites across the Midlands, capable of delivering 170,000 new homes and investment in infrastructure is helping to open up those sites. However, across the Midlands there is a need to provide even more housing for future generations. This challenge requires strong local leadership and commitment from a

⁵² Visit Britain (2015). [Inbound data](#)

⁵³ Visit Britain (2015). [GB Tourism Survey \(domestic overnight tourism\): Latest results](#)

⁵⁴ ONS (2016). [Visits and expenditure by overseas residents in the UK split by member countries of the EU and other regions of the world: 2015](#)

⁵⁵ Visit Britain (2015). [GB Day Visits Survey: Latest results](#)

⁵⁶ ONS (2013). [The UK Tourism Satellite Account \(UK-TSA\): 2013](#)

wide range of stakeholders, including planning authorities, private developers and local communities themselves. Government will work with these partners across the Midlands Engine to deliver the right housing for each area.

- 6.4 As an important part of ensuring the area can attract and retain skilled workers, we also need to ensure it has a strong housing and cultural offer.

Strategy

Already in train

New **Garden Villages** at Long Marston in Stratford-on-Avon, Spitalgate Heath in South Lincolnshire and, Infinity Garden Village in South Derbyshire and Derby will provide a new generation of high quality developments.

£20 million to contribute towards the Defence element of the capital building costs of the new **Defence and National Rehabilitation Centre (DNRC)** at Stanford Hall, Nottinghamshire.

£16.7 million will be invested in the **Burton Upon Trent Flood Alleviation Scheme** better protecting over 4,000 properties.

- 6.5 The recent White Paper on housing, *Fixing our broken housing market*, sets out the government's plans for reforming the housing market and boosting the supply of new housing across all regions of England. The Industrial Strategy Green Paper also sets out the need to create the right institutions to support local economies across the whole country to grow.
- 6.6 To build on this for the Midlands, we will work with local partners to make the investments necessary to ensure people are able to access high quality housing at a reasonable price, and more widely to ensure that the Midlands has a vibrant cultural offer for both its residents and its tourists. The Homes and Communities Agency will therefore work with Midlands Engine partners to develop a clear, prioritised schedule of publicly owned sites for redevelopment. This work will conclude by the end of 2017.
- 6.7 The government will use the Local Growth Fund allocations in the Midlands to unlock housing development and promote culture across the region, including through investing:
- £12 million to develop a new garden city in the Black Country.
 - Over £11 million to regenerate Derby City Centre, including through creating the Derby Portal, a 5,000 capacity performance venue and the redevelopment of brownfield land to create over 750 new homes and commercial space.
 - £5 million to transform Redditch Town Centre. This will support the development of new homes, and unlock commercial activity.
 - £8 million to regenerate town centres across Nottinghamshire, and redevelop Nottingham Castle.

- Over £2 million to create a new museum and visitor attraction at Derwent Valley Mills World Heritage site.
- Funding towards the £10 million extension of the Birmingham Symphony Hall. The Birmingham Symphony Hall celebrated its 25th birthday in 2016. Widely regarded as among the best concert halls in the country, and an important part of the cultural life of the Midlands, the extension will create new spaces to enjoy.
- £2 million to improve cultural infrastructure in Coventry and Warwickshire. This will include a major redevelopment and expansion of Warwick Arts Centre, in order to capitalise on the opportunities provided by Coventry's 2021 UK Capital of Culture bid.
- £ 0.5 million for a new visitor centre at Sherwood Forest to replace the existing one, as well as improvements to existing walking and cycle routes. This will encourage and support higher numbers of visitors to the area.

6.8 The Industrial Strategy sets out the government's ambition to ensure we make best use of publicly held cultural assets to support local growth. The government will work with local stakeholders to explore how we can best make use of the Government Art Collection and other publicly held art collections to support private sector growth across the Midlands. This will include consideration of whether we could use these collections to house and showcase the government's art in Birmingham.

Chapter 7: Next Steps

- 7.1 The Government is firmly committed to the Midlands Engine and will continue to work with the people of the Midlands to deliver this vision. This includes continuing our engagement with the Midlands Engine Partnership, the West Midlands Combined Authority, Local Enterprise Partnerships, Local Authorities, education establishments, businesses and others to understand the opportunities and challenges this region faces.
- 7.2 This strategy sets out a variety of commitments to deliver growth and productivity across the Midlands through:
- **significant investment in local growth**
 - o £392 million of funding announced for the Midlands through the Local Growth Fund.
 - **improving connectivity**
 - o all rail passengers in the Midlands will have the option to use a smart ticket on local rail services by 2018.
 - o we are also inviting the Midlands Engine Partnership to develop proposals for establishing 5G testbeds in the region to place the Midlands at the vanguard of the next wave of digital technology.
 - **strengthening skills**
 - o we are setting up a flagship Midlands Skills Challenge to improve skills across the Midlands, with £20 million new funding to improve employment prospects.
 - **supporting enterprise and innovation**
 - o we will shortly be launching the Midlands Engine Investment Fund which will provide over £250 million to support small businesses across the Midlands to grow and diversify.
 - **promoting trade and investment**
 - o government will shortly publish a Midlands Engine Investment Portfolio at MIPIM 2017 to showcase the opportunities across the Midlands to investors.
 - **enhancing quality of life**
 - o government will explore how to make best use of the Government Art Collection and other publicly held art collections to support private sector growth across the Midlands.
- 7.3 This document sets out our plans for delivering our ambitions for the Midlands to become an engine for growth. We will continue to build on this momentum, working with local partners to consider what more can be done to support the region.