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# West of England Revival Plan

A business manifesto for regional prosperity

February 2021

Regional Growth

# Foreword

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The mayor of the West of England, once elected in May 2021, will be the champion of a diverse and ambitious region. From Brunel through to the latest technological developments in robotics the region has often led the way in technological change. It is home to the biggest aerospace cluster in the UK and hosts four prestigious universities fuelling research and innovation, so the region is well placed to become a leader on the international stage. There has been severe economic damage to the regional economy, but the West of England region is uniquely placed to build a recovery that allows business to thrive.

The West of England Combined Authority (WECA) has a strong business environment, allowing businesses to grow, with good rates of business start-ups and a highly skilled workforce. There are, however, areas for improvement. Before the pandemic, output per person grew more slowly than the rest of the UK, with disparities in skill levels and a long tail of lower productivity businesses<sup>1</sup>. The region's infrastructure also presents significant challenges with high housing costs and poor transport links to rural communities. Congestion in and between the region's cities is also limiting growth opportunities.

The CBI looks forward to supporting and working closely with the new mayor. In this manifesto we have outlined how the new mayor will need to set out a long-term economic vision for the combined authority focusing on regional dynamism, building infrastructure, and stimulating job creation. Success requires prioritising hard-hit sectors such as aerospace and advanced manufacturing, in addition to those sectors that can deliver future growth and support a low carbon future. New digital and physical infrastructure must be predicated upon creating more inclusive communities, employment opportunities and progression for all. Simultaneously, the mayor must champion jobs and re-skilling of the workforce so that it is responsive to changing patterns of employment. To realise this vision the mayor should work strategically with business, neighbouring authorities, and all parts of government to build a sustainable recovery and long-term prosperity.

**Deborah Fraser**

Director – Director South West, CBI





# Introduction

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The new mayor will oversee the area's regional recovery and should set a strong economic vision for long-term prosperity. The economic impact of the pandemic has been significant. As of 31 December 2020, 60,800 West of England employees were estimated to be on furlough, representing around 11% of those eligible<sup>2</sup> and there are now 23,625 more claimants of unemployment benefits in the WECA area than there were in February 2020<sup>3</sup>. The aerospace, retail, hospitality, and cultural sectors have been particularly hard hit by the pandemic<sup>2</sup> and will require further support to recover. Whilst the economic landscape is challenging, a recovery focused on long-term, sustainable growth will help businesses to thrive and compete internationally.

The mayor must capitalise on the region's strengths; advanced engineering including aerospace, a world-renowned creative sector, and financial and professional services<sup>1</sup>. The region's four universities act as a centre for research and innovation and have strong relationships with business. Investment in digital and physical infrastructure and support for business to transition to a low carbon footprint will help to meet the West of England's ambition to achieve net zero by 2030. In addition, getting residents back into jobs and strengthening inclusion must be prioritised. There remain significant inequalities across the combined authority with attainment for disadvantaged pupils below the national average<sup>1</sup>.

This manifesto sets out how businesses and the newly elected mayor can work together to create a regional economy that rivals London in terms of productivity and job creation. This is based upon three guiding principles:

## **Champion regional dynamism and global competitiveness to raise living standards.**

The mayor should harness their leadership position to promote the region on a global stage, attracting and growing world-class businesses through a strong economic vision and a pro-business environment.

## **Transform digital and physical infrastructure on the race to net zero.**

As the country and region looks to recover from the impacts of COVID-19, considerations must be made to ensure the region plays its part in the race to net zero and is more resilient to future challenges. By focusing on a green recovery and the evolving nature of towns and cities there is an opportunity to improve equity within the Combined Authority.

## **Stimulate job creation and secure an inclusive workforce for the future.**

The mayor should use the devolved adult education budget to aid the re-training and re-skilling agenda, making sure solutions are appropriate for the local area and skills needs.

# Champion regional dynamism and global competitiveness to raise living standards.

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**The mayor should harness their leadership position to promote the region on a global stage, attracting and growing world-class businesses through a strong economic vision and a pro-business environment.**

The mayor must drive forward innovation within the region and support those sectors hardest hit by the pandemic including focusing on the region's strengths in R&D to establish the West of England as a global centre of innovation<sup>4</sup>.

Exports from the South West have now grown for four consecutive years with the latest figures showing growth up by 4% in the 2018/19 financial year<sup>5</sup>. Exporting overseas, and embracing trade, can help businesses thrive with those that export having higher growth and profitability as well as a diversified risk profile.

Better connectivity can boost inward investment and support the tourism sector which has been hard hit. In 2018, it was estimated that 7.8 million journeys a year were made to London airports by passengers travelling to and from South West England and South Wales<sup>6</sup>. The business investment market is highly competitive both within the UK and abroad and improving regional and international travel routes can drive growth.

**Recommendation: Deliver a strong economic vision for the region, kickstarting R&D investment and innovation in business.**

- Collaborate closely with local authorities within the WECA region as well as adjoining authorities and other strategic bodies such as the sub-national transport bodies and powerhouses. The mayor should ensure that regional recovery plans are complementary and provide a coherent strategic vision, giving business the confidence to invest and to create a welcoming business environment.
- Outline what support for innovation and R&D will be delivered to sectors, such as advanced engineering, aerospace, and the creative industries, identified in the Local Industrial Strategy<sup>1</sup> as capable of delivering high growth.
- Develop a case for the creation of Catapult Quarters within the region working with industry and academia. This could be attached to anchor institutions like the existing Digital and High-Value Engineering Catapults, Research Technology Organisations, or applied university research facilities. It would incentivise co-location and knowledge exchange through a targeted benefits and support package.

**Recommendation: Promote export as a driver of prosperity and recovery.**

- Develop a fully integrated regional export strategy that sets out the benefits of trade, alongside targeted business support. Support should be delivered in partnership with the Department for International Trade, alongside regional business organisations and the Growth Hub.
- Support existing exporters to navigate a new trading relationship with the EU, as well as diversify into new export markets as the UK strikes new global trading agreements. This should be delivered through improved information sharing on trade intelligence, and through the development of new trading relationships with priority markets.
- Lead trade missions, working in partnership with Western Gateway Powerhouse on their ambition to become Britain's global gateway for export and investment-led growth<sup>7</sup>. This should be tied to the existing sectoral strengths and areas of international competitiveness and promoted to those in post at embassies and consulates around the world.

**Recommendation: Raise the international profile of the region and be proactive in attracting new investment.**

- Oversee the creation of incentives to make the region more attractive to investors by using the findings of the International Market Prioritisation Study<sup>2</sup> to understand the international investment market post-pandemic.
- Attract inward investment by supporting measures, including new incentives, to make the region more appealing to investors. This includes the creation of a comprehensive investment prospectus and landing package (non-financial) for inward investors that helps them navigate and understand the opportunities of the region. This should be extended to support domestic companies planning new projects to create good jobs at pace within the region.
- Champion greater regional and international connectivity. Backing the proposed extension to Bristol airport as a way to boost international investment and growth in business and leisure travel. In tandem, the mayor should work with the regional tourism zone<sup>1</sup> to strengthen the region as a destination of choice. This in turn will increase spending in the region and support local supply chains and employment.



# Transform digital and physical infrastructure on the race to net zero

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**As the country and region looks to recover from the impacts of COVID-19, considerations must be made to ensure the region plays its part in the race to net zero and is more resilient to future challenges. By focusing on a green recovery and the evolving nature of towns and cities there is an opportunity to improve equity within the Combined Authority.**

The mayor should be a key voice in advocating for the transition to net zero, promoting projects and initiatives that fulfil relevant aims and challenging local council and industry leaders to be bold and innovative. The South West is already at the forefront of green technologies and by utilising the region's natural resources and building grid capacity, the region can help the UK achieve net zero by 2050. Within the West of England, carbon emissions have reduced by 35% since 2005<sup>8</sup>.

There are areas of serious deprivation in the WECA area, and gaps in inequality will have only widened due to the pandemic<sup>2</sup>. House prices and rents have become increasingly unaffordable in the region with house prices rising to 9.3 times average earnings. In addition, the region's transport infrastructure is under increasing pressure, constraining growth, and making it hard for residents to access work and leisure opportunities<sup>1</sup>. By taking action to ensure inclusive growth the mayor can ensure the future of the region is more resilient and address its productivity challenge.

Championing regeneration and investment opportunities will allow the mayor to consolidate infrastructure, attract businesses and create jobs that deliver long-term sustainable growth. The mayor's economic vision should aim to build a regional economy that rivals London in terms of productivity and job creation.

## **Recommendation: Back a green recovery by ensuring projects and funding promote a more sustainable future.**

- Refresh the West of England Climate Emergency Action Plan in collaboration with business and other strategic partners to outline clear deliverable objectives. This should include the creation of concrete targets for the installation of EV charging points across the Combined Authority and a hydrogen charging network to support the low-carbon transition of heavy goods vehicles.
- Deliver projects prioritising sustainability by making use of future government funding or initiatives, including the proposed UK Shared Prosperity Fund and Levelling Up Fund. The mayor must promote a greener future, which decarbonises housing and transport. This includes low-carbon methods of retrofit and construction to ensure all homes in the region are energy efficient and future ready.



- Promote the region's natural resources and role in meeting the UK's net zero ambition by attending COP26 in partnership with other LEPs. As part of a wider South West strategy, the mayor should champion the aerospace, aviation, and research hub as a European leader in R&D, carbon neutrality, green job creation and sustainable growth, in the race to net zero<sup>9</sup>.

**Recommendation: Develop a plan to improve living standards and to create good jobs, ensuring that no part of the Combined Authority is left behind by championing regeneration and investment opportunities.**

- Champion the role of social value in procurement, leading the way with how the Combined Authority procures goods and services. This includes providing support for businesses to engage with their corporate social responsibility and social value potential, going beyond the balance sheet to drive meaningful change.
- Ensure that future development provides jobs, transport links and constructs new homes in the right places, by making use of the Spatial Development Strategy<sup>2</sup>. The mayor should promote the 15-minute city concept where everyone can meet most, if not all, of their needs within a short walk or bike ride from their home<sup>10</sup>.
- Reboot the Smart Alliance to develop a strategy to address key digital challenges such as the connectivity in urban and rural areas, inclusion and digitisation within businesses<sup>2</sup>.

**Recommendation: Lead the vision on the future of infrastructure and connectivity within the area, including digital connectivity and housing.**

- Lead on the delivery of new homes at pace. Plans must consider the opportunity for innovation, including new methods of construction to deliver low-carbon, environmentally sustainable, high-quality homes. Establish an accelerated affordable housing programme and delivery pipeline by collaborating with Homes England, local authorities, and other partners.
- Prioritise the roll out of gigabit-capable broadband and 5G across the combined authority by convening and supporting local authorities. This includes encouraging local authorities to work closely with network providers, to embed digital infrastructure in their economic development plans, and to identify a champion for digital connectivity at board level.
- Invest in the decarbonisation of the region's transport system whilst examining the potential for a mass transport system that can improve interconnectivity and reduce congestion. The mayor should implement the use of smart transport and technology to better manage the network.

# Stimulate job creation and secure an inclusive workforce for the future

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**The mayor should use the devolved adult education budget to aid the re-training and re-skilling agenda making sure that solutions are appropriate for the local area and skills needs.**

Research undertaken by the CBI, based on pre-COVID data indicate nine in ten workers across the country will need some form of reskilling by 2030<sup>11</sup>. Integrating the employment, skills, and education system so it addresses barriers to employment and is responsive to changing patterns of employment will be essential to tackle this challenge. In the WECA region there are skills shortages and gaps at all levels with vacancies in digital, green, construction and health and social care<sup>12</sup>.

Championing education and training to improve youth employment, qualification levels and aspirations is essential. The education pipeline is underperforming in WECA with educational achievement below the national average in both primary and secondary schools<sup>12</sup>. The shift towards high-skilled jobs combined with a decrease in sales and customer service occupations may have contributed to the region's higher-than-average proportion of young people not in education, training, or employment<sup>1</sup>.

Getting residents back into jobs and strengthening inclusion to prevent further widening of inequalities must be prioritised. There are significant gender differences by occupation, with fewer women working in leadership and management occupations. Ethnic minorities are underrepresented in professional and technical occupations and are more likely to work in the caring and leisure sectors. Whilst the job market is shifting towards high-skilled jobs, provision is not keeping up in all areas<sup>12</sup>.

**Recommendation: Focus on making the skills environment work for the area, with an emphasis on local skills needs and ensuring the efficient use of available resources.**

- Publish a refreshed Employment and Skills Plan that is mindful of the short-term challenges workers face because of COVID-19, particularly young people, and those in the hardest hit sectors and parts of the region. This strategy should continue to be outcomes focused and aligned with the Spatial Development Strategy<sup>2</sup>.
- Develop an adult education commissioning strategy that aligns funding with employer needs. Intelligence on current trends, future opportunities and impact evaluation should inform investment and funding decisions. Schemes like 'Workforce for the Future' which engages SMEs with skills training and planning should continue to focus on adversely impacted sectors, groups, and places.



- Establish a forum with business, higher and further education providers to identify and remedy skills gaps. This should focus on developing the higher-level skills that are needed to respond to changing patterns in employment and growth opportunities.

**Recommendation: Encourage the creation of good jobs at pace.**

- Champion the creation of locally led Skills and Jobs Hubs to replace Job Centres, to align support for individuals seeking employment with opportunities to retrain. This Hub should look to align with the work of the Growth Hub in supporting businesses to identify future skills needs, as well as with the economic vision for the region.
- Promote the creation of good jobs outside of funding or government initiatives, including work around local procurement and supply chains and inward investment.
- Implement the Community Grant Scheme set out in the West of England's Employment and Skills Plan to allow disadvantaged communities and groups access to employment and skills support. The plan includes targeting enterprise support at neighbourhoods within the region's urban and rural communities that face socio-economic barriers.

**Recommendation: Create an inclusive environment for all, making sure certain sections of society are not left behind.**

- Establish a better standard of careers guidance in schools by expanding the West of England Careers Hub and championing stronger links between business and schools in the area. This should include supporting all routes to access higher level skills with apprenticeships being promoted alongside further and higher education options.
- Collaborate with business and stakeholders across the region on the implementation of the 'Good Employer Standard'. Businesses that provide inclusive working patterns and champion inclusivity should be supported. The mayor should lead from the front, by continuing to create opportunities for paid internships, apprenticeships, and work experience within the Combined Authority and associated bodies.
- Promote workforce diversity by championing the CBI Change the Race Ratio Campaign<sup>13</sup> to increase diversity in senior leadership and the boardroom. The mayor should set targets and take positive action to increase the proportion of BAME apprentices and trainees and to encourage more women into apprenticeships in STEM sectors.

# References

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- <sup>1</sup> H M Government (2019) West of England Local Industrial Strategy
- <sup>2</sup> West of England LEP (2020) West of England Recovery Plan
- <sup>3</sup> WECA (2020) West of England Economic Briefing on Covid-19 Business Impacts
- <sup>4</sup> BEIS (2017) South West England and South East Wales Science and Innovation Audit
- <sup>5</sup> HMRC (2020) UK Regional Trade in Goods Statistics Quarter 4 2019
- <sup>6</sup> <https://www.bristolairport.co.uk/about-us/news-and-media/news-and-media-centre/2019/4/carbon-leakage>
- <sup>7</sup> Western Gateway (2019) Western Gateway – propelling a greener, fairer, stronger Britain.
- <sup>8</sup> <https://www.westofengland-ca.gov.uk/clean-growth/>
- <sup>9</sup> West of England Combined Authority (2020) West of England Climate Emergency Action Plan
- <sup>10</sup> C40 (accessed 11/01/2021) [https://www.c40knowledgehub.org/s/article/How-to-build-back-better-with-a-15-minute-city?language=en\\_US](https://www.c40knowledgehub.org/s/article/How-to-build-back-better-with-a-15-minute-city?language=en_US)
- <sup>11</sup> [https://www.cbi.org.uk/media/3844/12547\\_raising-regional-rd\\_online.pdf](https://www.cbi.org.uk/media/3844/12547_raising-regional-rd_online.pdf)
- <sup>12</sup> West of England Combined Authority (2019) Employment and Skills Plan
- <sup>13</sup> <https://www.cbi.org.uk/articles/cbi-10am-change-the-race-ratio/>



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