

DEMOS

# NET ZERO TO LEVEL UP

SECURING A JUST  
TRANSITION FOR THE  
BLACK COUNTRY 2023-2032

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MARCH 2023

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Any errors remain the authors' responsibility.

Charles Seaford  
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# EXECUTIVE SUMMARY

The transition to a net zero economy by 2050 will have profound implications for every region of the UK. But different parts of the country will face different opportunities and challenges during the transition. In this research project, we have explored what the transition to net zero could mean for both individuals and businesses in the Black Country – using this as a case study for a place-based approach to net zero policy making.

In the 2023 Spring Budget, Jeremy Hunt announced a ‘trailblazer deeper devolution deal’ between the government and the West Midlands Combined Authority (WMCA) which gives the WMCA new powers to influence the region’s economy. Our recommendations include how the Combined Authority should use some of these additional devolved powers to achieve a just transition in the Black Country. By a just transition, we mean a transition to net zero that increases opportunity and reduces deprivation.

Our initial research identified two tasks critical to this which need attention:

**1. Defending existing jobs in manufacturing**, a traditional strength of the Black Country’s local economy where around 14% of jobs are in manufacturing, compared to 8% of jobs across Britain. Many manufacturing businesses in the region are high energy users, or parts of supply chains for combustion engine vehicles, which means they will need to adapt and change in response to the net zero transition. Two in five (44%) of these businesses’ employees are aged 50 or over, a demographic group more likely to face challenges in finding new employment if made redundant. We found that in the absence of additional action, up to 12,000 individuals currently working in manufacturing – 20% of the Black Country manufacturing workforce – could become long-term unemployed by 2032.

**2. Maximising opportunities in net zero infrastructure, especially for the disadvantaged.** There will be 16-20,000 new jobs needed over the next decade, especially in infrastructure such as housing and transport. Some of these jobs could offer more secure work and higher incomes for local residents – but, in the absence of any action, there is no guarantee that this will happen. In addition, pathways into these jobs will be needed for people from more disadvantaged backgrounds (for example, people outside the labour market or who lack formal qualifications).

Addressing these two challenges is difficult. The first is difficult because there are many vulnerable SMEs that are not reached by the business support system, and that are too small to have the human and financial resources required to make the transition successfully. The second task is difficult because of uncertainties about demand, reducing incentives to deal with supply side bottlenecks.

This report sets out recommendations on how to overcome these difficulties. Although central government will have an important enabling role, we have focused here on what the WMCA, local authorities, agencies and other regional stakeholders can do to secure a just transition for the Black Country.

In summary, our recommendations are as follows:

1. Distributing government funded business support products through the Black Country Chamber of Commerce, alongside the banks, solicitors, accountancy firms and brokers that businesses have existing relationships with
2. A regular review of these products to ensure the needs of more vulnerable companies are met
3. A regional mergers and acquisitions service to facilitate purchase of firms which are too small to respond effectively to the challenge of net zero

by larger firms with greater human and financial resources

4. Communication to businesses of the likely future demand for low-carbon infrastructure, based on active co-ordination of public and private sector investment, and including what any development of central government policy will mean for the West Midlands
5. Helping businesses and training providers respond to the expected level of demand in a co-ordinated way
6. Using public sector procurement, including social value mechanisms, to win business support for the plan developed as a result of recommendations 4 and 5, and potentially to help fund the necessary training
7. Backing all of the above with targeted communications and a set of SMART objectives

These recommendations are for a direction of travel: there is no timetable or budget in this report, and once a direction of travel is agreed, the next step will be agreeing how far to go, at what speed and at what cost, and how to integrate the proposals into plans developed in response to the trailblazer devolution deal. We recognise that some of the recommendations have resource implications and that given constrained budgets a decision to address the problems identified in this report may involve slowing investment in other objectives; as always this is a matter of priorities.

The report is based on over 40 stakeholder and expert interviews and meetings (see Annex 1), alongside desk-based research from a range of sources, including 42 reports, datasets and plans (see Annex 2).

# INTRODUCTION

The concept of a 'just transition' as the UK moves towards a low-carbon economy has gained increased prominence since Theresa May's government passed legislation in 2019 committing the UK to reducing greenhouse gas emissions to net zero by 2050. A just transition is often contrasted with the previous energy transition in the UK in the 1970s and 1980s, when the country moved away from the coal-powered economy that had been dominant since the industrial revolution, which resulted in long-term economic decline and scarring for some industrial local areas.

The Black Country – made up of the four local authorities of Dudley, Sandwell, Walsall and Wolverhampton – was one of the birthplaces of the industrial revolution in the 19th century, and indeed its very name is connected to the history of coal mining and heavy industry in the area. Despite a significant decline since the 1970s, manufacturing remains an important part of the local economy: about 14% of jobs in the Black Country are in the manufacturing industry, compared to 8% on average across Britain.<sup>1</sup> Unusually, the manufacturing industry in the Black Country is dominated by SMEs, with few large companies or factories; unlike other industrial areas, there is no major steel or chemicals plant which is disproportionately important, for example. Many of these SMEs are in traditional local industries, especially metals manufacturing.

However, like other areas which experienced declines in mining and manufacturing in the 1970s and 1980s, the Black Country is a relatively deprived area across multiple socioeconomic dimensions.<sup>2</sup> This reflects the performance of the local economy: as a sub-region represented by a Local Enterprise Partnership (LEP), it has the lowest productivity per

hour, and the lowest job density, of any of England's 38 LEP areas.<sup>3</sup> It also suffers from low skill levels: over half of working age Black Country residents have only level 1 or level 2 qualifications.<sup>4</sup> For this reason, the Black Country has been identified as a priority area for levelling up – that is, reducing regional inequalities between different parts of the country, especially within England. All four Black Country local authorities have been identified as 'priority 1' for the Levelling Up Fund.<sup>5</sup>

Although it has a distinct sub-regional identity, the Black Country is covered by four local authorities, which along with Birmingham, Solihull and Coventry together make up the West Midlands Combined Authority, led since 2017 by Andy Street as the region's Mayor. Politically, the area is balanced between the Conservatives and Labour: five Black Country seats were 'red wall' seats which switched from Labour to the Conservatives in the 2019 general election. Dudley and Walsall councils are led by Conservative administrations, while Sandwell and Wolverhampton are led by Labour administrations.

Looking ahead to the future, the manufacturing industry in the Black Country faces a number of challenges. Some businesses in the region are energy-intensive, and have therefore been negatively impacted by the spike in energy prices since Russia's invasion of Ukraine. In the medium to long term, the same businesses will need to decarbonise by switching to low-carbon energy sources – a harder challenge for SMEs to address compared to larger businesses. Many Black Country businesses are also connected to supply chains for internal combustion engine vehicles, a traditional strength of the wider West Midlands economy. However, the transition to electric vehicles is already well under way in the

1 Office for National Statistics. Business Register and Employment Survey 2020. Nomis, 21 April 2022. Available at [www.nomisweb.co.uk/sources/bres](http://www.nomisweb.co.uk/sources/bres) [accessed 21 April 2022]

2 As measured by the English Indices of Multiple Deprivation (IMD) 2019.

3 Ayrton, C. and others. *The State of Economic Justice in Birmingham and the Black Country 2021*. New Policy Institute, 1 February 2021. Available at [www.npi.org.uk/publications/poverty-assessment/state-economic-justice-birmingham-and-black-country-2021](http://www.npi.org.uk/publications/poverty-assessment/state-economic-justice-birmingham-and-black-country-2021) [accessed 25/03/2023]

4 Ayrton and others. *Economic Justice in Birmingham and the Black Country*. 2021.

5 Department for Levelling Up, Housing and Communities. Levelling Up Fund Round 2: updates to the Index of Priority Places. GOV.UK, 23 March 2022. Available at [www.gov.uk/government/publications/levelling-up-fund-round-2-updates-to-the-index-of-priority-places](http://www.gov.uk/government/publications/levelling-up-fund-round-2-updates-to-the-index-of-priority-places) [accessed 25/03/2023]

UK: 20% of car sales in 2022 were either battery electric or plug-in hybrid vehicles.<sup>6</sup> This means that Black Country manufacturing businesses face further change, even more so given that the UK is lagging behind other countries in attracting electric vehicle battery investment, which could threaten the future of vehicle manufacturers and their supply chain partners.<sup>7</sup>

In contrast to the challenges, however, there is also a positive vision for the Black Country's manufacturing industry to be at the forefront of advanced manufacturing and the 'Green Industrial Revolution'.<sup>8</sup> The Black Country has existing specialities in aerospace manufacturing, for example, and has manufacturing firms which export globally – the export value of the manufacturing and engineering sector in the Black Country was over £1bn in 2019.<sup>9</sup> The West Midlands Combined Authority has identified a number of promising regional 'growth clusters' including aerospace, electric vehicles and low-carbon energy and utilities.<sup>10</sup> Meanwhile the Repowering the Black Country project, funded by UK Research and Innovation (UKRI), is working to create zero carbon hubs to help decarbonise industry and reduce energy prices to maintain business competitiveness.<sup>11</sup>

Given these factors, the Black Country is an ideal example of the kind of area which would benefit from a just transition, if the right conditions for success can be established. With further policy devolution for the West Midlands established through the new trailblazer devolution deal (see below), the Black Country is a good test case of the long-term aspirations of the UK government, the opposition, the Combined Authority and the local authorities to reduce regional inequalities and boost economic growth, with the transition to net zero set to play a vital role.

The following elements of the trailblazer devolution deal are of particular relevance for our recommendations.<sup>12</sup>

- Agreement of a **single settlement budget** for the WMCA, which will "increase WMCA's autonomy, ability to prioritise decisions locally, and ability to reprioritise across its own budgets."<sup>13</sup> This will enable the WMCA to prioritise spending in order to take forward the recommendations in this report to secure a just transition for the Black Country and the wider region.
- Further devolution of **post-19 skills**, influence over **post-16 skills and technical education** and the WMCA becoming the central convenor of **careers provision** in the region. The WMCA will also be responsible for **ensuring the local skills system responds to the Local Skills Improvement Plan (LSIP)**. These powers give the WMCA the opportunity to coordinate demand and supply of skills for low-carbon infrastructure (the second challenge our recommendations are designed to address).
- Devolution of **employment support**, including joint working with the Department for Work and Pensions (DWP) on **contracted employment support programmes**, devolution of the **UK Shared Prosperity Fund**, and a new **Regional Labour Market Partnership Board**. Aligning and integrating employment support and skills will be crucial for creating the necessary 'pathways' which can enable people from more disadvantaged backgrounds to access some of the new net zero jobs in the region.
- On **business support**, the WMCA will have "a new, empowered role in integrating, promoting and overseeing access to business support and advisory services, [and] small and medium-sized enterprise finance."<sup>14</sup> In this report we set out recommendations on how the WMCA should use these powers to coordinate business support so that it reaches more vulnerable SMEs in the Black Country.

6 Society of Motor Manufacturers and Traders. Electric Vehicle and Alternatively Fuelled Vehicle Registrations. (no date). Available at [www.smmmt.co.uk/vehicle-data/evs-and-afvs-registrations](http://www.smmmt.co.uk/vehicle-data/evs-and-afvs-registrations) [accessed 25/03/2023]

7 Bailey, D. The race for Electric Vehicle battery making is well underway, and the UK is barely off the starting grid. UK in a Changing Europe, 19 January 2023. Available at <https://ukandeu.ac.uk/the-race-for-electric-vehicle-battery-making-is-well-underway-and-the-uk-is-barely-off-the-starting-grid> [accessed 25/03/2023]

8 West Midlands Combined Authority. *West Midlands: Home of the Green Industrial Revolution*. 16 September 2022. Available at [www.wmca.org.uk/documents/environment-energy/home-of-the-green-industrial-revolution](http://www.wmca.org.uk/documents/environment-energy/home-of-the-green-industrial-revolution) [accessed 25/03/2023]

9 Black Country Consortium Economic Intelligence Unit. Black Country State of the Sub Region 2021. 2021. Available at <https://storymaps.arcgis.com/collections/2759917e537744d38d83f4d8d7bd9ee5?item=4> [accessed 25/03/2023]

10 West Midlands Combined Authority. *West Midlands Plan for Growth*. 1 December 2022. Available at [www.wmca.org.uk/documents/strategies/plan-for-growth](http://www.wmca.org.uk/documents/strategies/plan-for-growth) [accessed 25/03/2023]

11 Repowering the Black Country. Project overview. 2022. Available at <https://zerocarbonhubs.co.uk/zero-carbon-hubs.html> [accessed 25/03/2023]

12 Department for Levelling Up, Housing and Communities (DLUHC). West Midlands Combined Authority: "Trailblazer" deeper devolution deal. GOV.UK, 15 March 2023. Available at [www.gov.uk/government/publications/west-midlands-combined-authority-trailblazer-deeper-devolution-deal](http://www.gov.uk/government/publications/west-midlands-combined-authority-trailblazer-deeper-devolution-deal) [accessed 25/03/2023]

13 DLUHC. West Midlands trailblazer devolution deal. 2023.

14 DLUHC. West Midlands trailblazer devolution deal. 2023.

- On **net zero** specifically, the devolution deal mentions new pilots in the region for **industrial decarbonisation** and **housing retrofit**.<sup>15</sup> The WMCA could use these pilots to implement the report's recommendations regarding support for businesses making the transition to net zero, and to help create new jobs for local residents through procurement processes.

15 DLUHC. West Midlands trailblazer devolution deal. 2023.

# SECTION 1

# DEFENDING

# EXISTING JOBS

There could be a 12,000 increase in the long-term unemployed in the next decade if SMEs in manufacturing are not able to adapt to the net zero transition

We estimate that in the absence of additional action, up to 12,000 individuals currently working in manufacturing - 20% of the Black Country manufacturing workforce - could become long-term unemployed by 2032. For further details of our methodology for reaching this figure, see Annex 3.

The reasons for this are:

1. A significant number of SMEs are not well placed to adapt to the combination of rising costs and changing demand caused by the transition to a low-carbon economy. Many are energy-intensive businesses and/or selling into internal combustion engine or other threatened supply chains. In addition, they lack the human resource ('bandwidth', the word which our interviewees consistently used) to manage change, or the financial resource to invest in change.<sup>16</sup> The business support system does not reach many of these companies and they would not naturally turn to it for advice.<sup>17</sup>
2. Inward investors are unlikely to employ large numbers of older workers, even if overall they replace the jobs lost. The same may apply to the growth businesses in the clusters identified in the

Combined Authority's *Plan for Growth*, and to the kind of growth SMEs that the West Midlands Innovation Accelerator is designed to stimulate.<sup>18</sup> However, two thirds of the manufacturing workforce in the Black Country is already aged over 40.<sup>19</sup> If these workers lose their jobs, they may find it relatively difficult to find new ones of comparable quality.

The challenge, therefore, is to reach firms that are currently not reached, and this requires a more proactive approach. It is not that every vulnerable firm should be supported – some may have no future – but some will have untapped potential or assets (in their people as well as fixed capital and reputation) with real value that should not be lost. Many want to respond to net zero but are not sure how to do it. However, simply putting more resource into business support would be risky, and in any case, local authorities are unlikely to have the necessary funding.<sup>20</sup> In addition, traditional business support cannot help businesses that are simply too small. Hence our recommendations in this area, which in some cases build on the additional powers created by the trailblazer devolution deal agreed with the Combined Authority.

16 Of the eight companies we surveyed, none had internal resources to invest in equipment and only one had the resources to relocate (although new equipment can be and is financed with asset finance of course).

17 Of the nine companies we interviewed or surveyed, none would naturally turn either to local authorities or the growth hub for business advice and none had heard of the Repowering the Black Country initiative.

18 West Midlands Combined Authority. *Plan for Growth*. 2022.

19 Office for National Statistics. Annual Population Survey. Nomis, 10 June 2022. Available at [www.nomisweb.co.uk/datasets/apsnew](http://www.nomisweb.co.uk/datasets/apsnew) [accessed 10 June 2022]

20 We understand that following the integration of the LEP into the Combined Authority, the local authorities will be responsible for business support other than to c. 500 strategic employers.

## RECOMMENDATIONS TO DEFEND EXISTING JOBS

### Recommendation 1

The local authorities, with support from the Combined Authority in its role as commissioner, should investigate *distribution* of support products (as opposed to delivery) through existing commercial channels (that is, the banks, solicitors, accountancy firms and brokers that businesses have existing relationships with), the Black Country Chamber of Commerce, and potentially the new West Midlands Access to Finance Advisory Group. The commercial channels would refer firms to the Chamber and/or the Advisory Group. The Chamber of Commerce, which has strong relationships with at least some of the SMEs in the region, as well as with its national network, would then act as the clearing house alongside the Advisory Group: a trusted source of advice putting firms in contact with the right technical expertise.

**Lead agency:** the four Black Country local authorities acting together (perhaps with the other three West Midlands local authorities), with co-ordination facilitated as needed by the Chamber and the Combined Authority

#### *More on why*

- Facilitates a more proactive approach
- Sidesteps problem that businesses do not see public bodies as a source of business advice
- Not dissimilar to the 'Made Smarter' programme structure, which interviewees told us has been effective in reaching more businesses
- Potentially low or zero commission to the extent that channels see it as enhancing their customer relationships

#### *More on what and how*

- Smaller, challenger or ethical banks (such as Metro Bank, Handelsbanken, Monzo, Triados, Unity), the Co-operative, and alternative finance sources (Midven, Funding Circle) may be more amenable than the larger banks and should be approached
- Local authority business support teams and account managers to change focus to channel management and distilling and communicating

customer feedback to the Combined Authority; this will probably require some retraining

- This channel management could usefully include peer-to-peer networking meetings, organised with the Chamber of Commerce
- The Combined Authority commissions products but, where appropriate, these have local authority branding, with the communications package developed by the local authorities and the Chamber of Commerce together
- This will require some rationalisation and streamlining of what can be a bewildering array of products (see Recommendation 2 and Annex 4)

### Recommendation 2

The range and design of products commissioned or made available through the local authority-managed distribution system should be kept under review to ensure the needs of more vulnerable companies are met. There will need to be flexibility given changeable economic prospects; therefore intrinsic to this recommendation is a review process designed to help build the strong relationships that are needed for agility.

**Lead agency:** the Combined Authority

#### *More on why*

- Existing products to help explore new markets tend to be taken up by the best companies and may need adapting for smaller, more vulnerable companies<sup>21</sup>
- Specifically low-carbon projects targeted at SMEs have been designed to improve energy/resource efficiency, rather than to help exploit new market opportunities and reduce the associated risks, although new initiatives of the latter type are under discussion<sup>22, 23</sup>
- SMEs may not be in a position to make the capital investment needed for major energy savings – for example, relocation to one of the hubs being developed by Repowering the Black Country – particularly when making the wrong decision could be disastrous for the business

21 For example, the PIVOT programme, Aerospace UP (both from Midlands Aerospace Alliance); Digi-Rail and DEMAND Hub (University of Birmingham); the BCIMO/Very Light Rail project; the Advanced Propulsion Centre; national schemes such as NMCL, SC21, Fit4Nuclear and the Offshore Wind Accelerator; non-funded projects such as AGRI-EPI and Medilink.

22 For example, Low Carbon SME at Aston University, ATETA at the University of Birmingham.

23 Skidmore, C. *Mission Zero: Independent Review of Net Zero*. GOV.UK, 26 September 2022, p. 199. Available at [www.gov.uk/government/publications/review-of-net-zero](http://www.gov.uk/government/publications/review-of-net-zero) [accessed 25/03/2023]

### More on what and how

- Builds on and harmonises existing and planned initiatives, for example, reforms of the business support system via powers in the trailblazer devolution deal and the UK Shared Prosperity Fund; and Repowering the Black Country and the industrial decarbonisation pilot mentioned in the devolution deal
- Could include a pilot of the national Help to Grow Green programme as recommended by Chris Skidmore's Net Zero Review<sup>24</sup>
- The West Midlands Equity Co-Investment Fund or the Midlands Engine Investment Fund 2 could play a role<sup>25</sup>
- A more general low-carbon 'handholding and signposting' product may also be needed
- Tight specification of all products and who they are designed for, together with clear rationale/justification, with budgets to follow take up

### Recommendation 3

The Combined Authority and the local authorities should investigate setting up a regional mergers and acquisitions service (including purchase of assets and staff recruitment as well as company acquisition). The purpose of this service would be to lower search and transaction costs: these are costs which would otherwise form a barrier to the absorption of sub-scale firms by larger firms with greater human and financial resources.

**Lead agency:** the Combined Authority

#### More on why

- Firms that are viable in normal times but too small to adapt in a period of rapid change could be acquired by larger, entrepreneurial firms
- Search and transaction costs are too high relative to deal size, reducing the attractiveness of mergers and acquisitions to the private sector

#### More on what and how

- First choice would be regionally owned purchasers, but others welcome
- Probably best located within the West Midlands Growth Company, but working with private sector providers; should be a source of impartial

#### advice

- Could be linked to a programme placing expert non-executive directors on firms' boards, building on the Black Country Chamber of Commerce's existing programmes
- Makes use of the local authority-managed distribution channels and existing networks in the Growth Company and Chambers of Commerce
- The £25m West Midlands Equity Co-Investment Fund, the Midlands Engine Investment Fund 2 and the Commonwealth Games legacy fund (economy pillar) could play a role<sup>26</sup>
- After an initial investment, the service could be self-funding

### Recommendation 4

If new channels or products are created, there should be two distinct and separate Black Country communications campaigns to support them: one targeted at businesses, and one targeted at residents.

**Lead agency:** the West Midlands Growth Company and the four Black Country local authorities working together.

#### More on why

- Need to support product distribution through different channels (recommendation 1 – standard marketing approach)
- Need to counter some residents' negative perceptions of Black Country manufacturing, which could make responding positively to net zero more difficult

#### More on what and how

- One campaign targeted at businesses, spelling out the implications of action and inaction, with a simple next step. Interviewees told us - not surprisingly - that either clear financial benefits, or the possibility of severe financial risks, are the most engaging messages for most business leaders. This could be led by the West Midlands Growth Company, which we understand is developing plans for communications targeted at businesses.
- The other campaign targeted at residents, schools and businesses within and beyond the sub-region, with a positive narrative about Black

<sup>24</sup> Skidmore. *Independent Review of Net Zero*. 2022. p. 150.

<sup>25</sup> If consistent with its mandate to "invest equity into the region's high growth potential SMEs and act as a beacon to crowd-in further private investment". West Midlands Combined Authority. *Plan for Growth*. 2022. p. 16.

<sup>26</sup> See previous footnote.

Country manufacturing, especially its green potential. This could be led by the four Black Country local authorities working together or the Combined Authority.

- Both campaigns should be developed with the Chamber of Commerce and with input from the most important trade associations. Discussions are taking place with the British Chambers of Commerce and Make UK, so these local campaigns could be linked to national campaigns. The Black Country Chamber should be considered as a delivery partner as well.

## Recommendation 5

The Combined Authority, in its role as commissioner, should develop and use a set of indicators based on SMART objectives to report to the local authorities on the performance of the business support services, including their impact on a set of measurable objectives or proxies associated with a just transition. This indicator set could be a subset of the West Midlands Operational Framework indicator set, and may include existing indicators from that set, the Economic Delivery, Skills and Communities directorate indicator set and other relevant indicator sets.

**Lead agency:** the Combined Authority

*More on why*

- Essential in order to hardwire changes, maintain momentum and ensure programme is successful

*More on what and how*

- Measurable objectives, proxies and indicators to be agreed by all authorities
- Limited number of indicators – more is less
- Performance against the indicators to be a regular item on the agenda of the Combined Authority's Economic Growth Board

# SECTION 2 MAXIMISING OPPORTUNITIES IN NET ZERO INFRASTRUCTURE

There could be up to 20,000 new net zero jobs in the Black Country by 2032, but uncertainty and skills bottlenecks could reduce potential benefits for residents

According to a report prepared for the Combined Authority, investment in net zero could result in 21,000 new jobs in the West Midlands by 2026 and 92,000 new jobs by 2041 (see Annex 5). On this basis, we estimate there could be 16,000-20,000 new jobs in the Black Country by 2032.

A significant proportion of these jobs could be taken by the otherwise relatively disadvantaged – they are not all high skill roles requiring years of experience. Others could be taken by those made redundant by manufacturing firms. However, our interviews suggest that there are two reasons why this may not happen:

1. The investment does not take place to the timetable anticipated, either for national policy reasons or (at least as likely) because a skills bottleneck causes significant delays even as demand rises. This bottleneck is difficult to address because of uncertainty about demand.
2. The relatively disadvantaged, or those coming from other sectors, do not get access to the support and training needed to get the jobs, particularly as European funding comes to an

end. The result could be that increased labour demand tightens the market and holds back regional growth.

In addition, there remains a danger that many of the jobs created are insecure and offer low wages.

The tightest part of the bottleneck will be the supply of trainers, as the wages available to those using the relevant skills are significantly higher than to those teaching them in, for example, FE colleges. This is widely understood, including in Whitehall. Neither net zero nor better opportunities for the relatively disadvantaged can happen if there are insufficient trainers. It is true that some training can be conducted by larger businesses in the normal way – for example, training of qualified heating engineers to enable them to fit the firm's heat pumps. However, most heating engineers will also need generic training, and in any case, if this is to benefit those who might otherwise be disadvantaged and to involve younger people to replace those retiring, there will be a need for effective apprenticeships and other suitable forms of government-funded training.<sup>27</sup>

If the problem is caused by inadequate wages for trainers, then the issue is in part a lack of funding for FE colleges, and there may continue to be central government constraints in this area. However, interviewees told us that investments in skills ahead

<sup>27</sup> A recent Nesta report on the heat pump workforce highlighted the need for new entrants to the workforce, given the rapid increase in demand and the age structure of the current workforce of gas engineers (58% aged 51 or over). Cretu, C. and others. *How to scale a highly skilled heat pump industry*. Nesta, 7 July 2022, p. 31. Available at [www.nesta.org.uk/report/how-to-scale-a-highly-skilled-heat-pump-industry](http://www.nesta.org.uk/report/how-to-scale-a-highly-skilled-heat-pump-industry) [accessed 25/03/2023]

of investments in the products those skills are needed for have failed – not surprisingly. So, in addition to simply providing more funding to FE colleges, there is a need to stimulate the demand that will incentivise young people and adults to take the courses and to incentivise training providers to plan ways of avoiding bottlenecks. There is also a need to find alternative ways of funding the necessary skills development, for example through procurement.

Uncertainties about central government policy are a given, so the challenge is to find a way of managing uncertainty. Hence our recommendations in this area, which are for a single process designed to:

- Create, co-ordinate and communicate demand for net zero infrastructure (the future level depending on what visible government decisions are made, but with a minimum guaranteed by regional and local action)
- Stimulate and manage a response to this demand from suppliers of goods and services, and on this basis from suppliers of skills training and those taking the courses

Some of this work is already being done, but not all of it. Because the whole point is that it has to be a single process, we set it out in the form of a series of recommendations – each of which depends on the others for its effectiveness. We emphasise that stimulating, co-ordinating and communicating levels of demand is an essential part of this.

## RECOMMENDATIONS TO MAXIMISE OPPORTUNITIES IN NET ZERO INFRASTRUCTURE

### Recommendation 6

The Combined Authority and local authorities should create and co-ordinate demand, continuing or building on existing work through the following:

- Their own investment in public infrastructure (public transport, EV charging points), social housing new build and social housing retrofit. The Combined Authority should make use of flexibilities it will have for net zero funding under the trailblazer devolution deal from 2025 onwards.<sup>28</sup>
- The planning system, and other regulations, that influence other investors
- Public procurement – their own and that of other

public and private bodies that they can influence – which in turn influences other investors (see also recommendation 11)

- A well communicated package for homeowners and landlords, making use of government schemes such as the Boiler Upgrade Scheme and private sector financing products, focusing on net cash savings
- Liaison with housing associations and commercial firms with responsibility for significant real estate or energy infrastructure
- Learning lessons from the concept of Commercial Pipelines, which can help support SMEs to be aware of future contracting opportunities and justify investment<sup>29</sup>

**Lead agency:** the Combined Authority (for overall co-ordination as needed), potentially through Energy Capital, working with the Housing and Regeneration team

### Recommendation 7

The Combined Authority and local authorities should communicate to business the resulting level of demand for different products and services, given different central government policies, with clarity about how demand levels will change following specific central government decisions. They should do this work in partnership with the Chambers of Commerce and other business organisations to ensure that what is produced meets the needs of businesses who are considering their investment plans. This - and the other actions recommended below - should be an ongoing rather than one-off process: as with the business support service (recommendation 2), there will need to be some agility built in, and hence a process that helps build the relationships that make this agility possible.

**Lead agency:** the Combined Authority

### Recommendation 8

Appropriate parts of the business support service, as described in recommendations 1 and 2, should, with the support of the Chambers of Commerce and other business organisations (drawing on established reputations and relationships), be commissioned by the Combined Authority and local authorities to create a business plan. The business plan should draw out the implications of demand levels (recommendation 7) for businesses in the region,

<sup>28</sup> DLUHC. West Midlands trailblazer devolution deal. 2023. p. 59.

<sup>29</sup> Cabinet Office. Commercial Pipeline: Supporting the Implementation of the *Commercial Continuous Improvement Assessment Framework and Sourcing Programme*. GOV.UK, 2021. Available at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1010346/20-12-24\\_-\\_Commercial\\_Pipeline\\_Guidance\\_v4.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1010346/20-12-24_-_Commercial_Pipeline_Guidance_v4.pdf) [accessed 25/03/2023]

including manufacturing as well as construction and installation, and including the implications for levels of demand for different skills. This could involve creating or commissioning an ongoing project management unit. Naturally those involved will engage with these businesses during this process, and may also identify opportunities for inward investment. This exercise could take advantage of government schemes similar to the Heat Pump Ready programme.

**Lead agency:** the Combined Authority (commissioning)

### Recommendation 9

The Combined Authority and local authorities, the former having taken on responsibility for LEP functions, and supported by third sector organisation CLES, should use the Black Country Anchor Institution Network to deliver in some areas as identified in the business plan (recommendation 8), including the commissioning of the necessary skills training. This would serve to demonstrate the level of co-ordination that is feasible in practice (this network is currently in development by a steering group).

**Lead agency:** the Combined Authority

### Recommendation 10

The Local Skills Improvement Plan (LSIP) process, led by the Chambers of Commerce and supported by the Combined Authority and the regional DWP group and districts, should draw out the implications of the business plan (recommendation 8) for the Adult Education Budget, apprenticeships and specific skills programmes, including the broad quantification needed for FE college and third sector operational plans. The Combined Authority should use its control of these budgets to ensure that LSIP recommendations are consistent with this. (This is likely to take place after May 2023, and our understanding is that while the initial phase until then of the LSIP will be focused on sectors in the Combined Authority's *Plan for Growth*, the LSIP process will have a broader focus after that.) As set out in the trailblazer devolution deal, the Combined Authority should take the lead in ensuring that the local skills system responds to the LSIP, along with the joint governance board described in the devolution deal.<sup>30</sup> The Combined Authority should also take the findings of the business plan into

account when co-designing employment support programmes for the region with DWP.

The process should include:

- pathways for the disadvantaged, including those referred by DWP, with particular emphasis on schemes with guaranteed interviews or other good job prospects
- improved outreach and advice, including to women, ethnic minorities and disadvantaged groups, and personalised advice from suitably trained advisors, as well as outreach in schools. This is particularly important in order to increase the diversity of the sectors in which net zero jobs will be created, such as manufacturing, utilities and construction. For example, in 2019, 4% of apprentices in 'Construction, Planning and the Built Environment' were women, and 7% of apprentices in 'Engineering and Manufacturing Technologies' were women.<sup>31</sup>

The following should also be considered:

- Tailored support and/or training for those leaving manufacturing. This should build on the pilot of redundancy support for over 50s leaving the automotive or manufacturing sectors carried out by the Centre for Ageing Better in partnership with FareShare Midlands, which is being taken forward in a programme called Elevate, jointly commissioned with WMCA.<sup>32</sup>
- Courses designed to unlock innovation potential in those who have not acquired conventional qualifications, perhaps along the lines of the Digital Innovators programme<sup>33</sup>
- Investment in and use of online training techniques for 'green skills', potentially creating a centre of excellence for the whole region (and perhaps more widely)

**Lead agencies:** the three West Midlands Chambers of Commerce (we understand the Coventry and Warwickshire Chamber will be the overall lead) and the Combined Authority

30 DLUHC. West Midlands trailblazer devolution deal. 2023. pp. 39-40.

31 Department for Education. *Apprenticeships Evaluation 2018-19 - Learners*. GOV.UK, March 2020, p. 32. Available at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/875553/Apprenticeships\\_Evaluation\\_-\\_Learner\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875553/Apprenticeships_Evaluation_-_Learner_Report.pdf) [accessed 25/03/2023]

32 Centre for Ageing Better. New scheme to help older workers in the West Midlands to bounce back from the shock of redundancy. 14 March 2023. Available at <https://ageing-better.org.uk/news/new-scheme-older-workers-west-midlands-redundancy> [accessed 25/03/2023]

33 Digital Innovators. About Us. (no date). Available at <https://digitalinnovators.co.uk/about-digital-innovators> [accessed 25/03/2023]

## Recommendation 11

The Combined Authority and local authorities should use procurement from the firms responding to the business plan (Recommendation 8) to get buy-in to the skills plan (Recommendation 10), recruitment of a skilled local workforce, and decent pay and conditions capable of attracting that workforce. These can be included through social value mechanisms in the procurement process.

The following should be considered:

- Procurement budgets sufficient to ensure firms are able to pay training providers in a way that supplements the Adult Education Budget and 16-19 skills funds
- Stipulating secondments of skilled staff to training providers, perhaps part time
- This, and the procurement forming part of recommendation 6, will require some training of officers.

**Lead agencies:** the Combined Authority and local authorities through procurement

## Recommendation 12

The Combined Authority should develop and use a set of indicators based on SMART objectives to report to the local authorities and the Economic Growth Board on the performance of the process set out here, including its impact on a set of measurable objectives or proxies associated with a just transition. The reports should be made as part of a package with those on the business support service (recommendation 5).

**Lead agency:** the Combined Authority

# ANNEX 1

# INTERVIEWS

In our pilot study and the main project we conducted over 40 interviews. These were with the following types of organisation:

	INTERVIEWS	INDIVIDUALS
Local authorities	3	5
West Midlands Combined Authority	7	7
Other combined authorities	4	7
Public sector funded agencies	7	8
Central government	2	3
Business organisations	8	7
Businesses*	1	3
Business support provider	1	1
FE Colleges	2	2
Third sector training and employment support providers	3	5
Other third sector	6	7

\* In addition we ran a semi-qualitative survey of a further 8 businesses.

# ANNEX 2

# REPORTS, SOURCES AND DATASETS

We reviewed the following key reports and plans:

1. Black Country Consortium, *State of the Sub Region 2021* sets out a variety of datasets on the Black Country's local economy and changes over time.
2. Black Country LEP, *Repowering the Black Country* describes plans to create Zero Carbon Hubs based around low carbon energy infrastructure to support SME industrial decarbonisation and economic growth. The initiative is funded by UKRI (Innovate UK).
3. Camirus Limited, *Energy cost challenges and policy options to support West Midlands businesses: A briefing for policymakers* by Matthew Rhodes (June 2022).
4. Energy Capital, *A Regional Energy Strategy for the West Midlands* describes establishing Energy Innovation Zones in the Black Country and across the region.
5. Green Jobs Taskforce, *Report to Government, Industry and the Skills Sector* sets out high-level analysis and recommendations regarding the impact of the transition to net zero on employment and skills.
6. Metro Dynamics, *West Midlands – Future Business Support Final Report* (July 2021 and April 2022) examined business support and advice in the region, and recommended improving co-ordination and account management.
7. New Policy Institute, *The State of Economic Justice in Birmingham and the Black Country 2021* provides data on the Black Country's labour market and local economy.
8. Oxford Economics, *Economic Forecasting Model* provides forecasts for employment by sector in the Black Country; the Technical Report describes the key drivers of the baseline forecasts.
9. WMCA, *Plan for Growth* (July 2022) sets out a strategy to grow eight economic clusters in the region, including manufacturing of electric vehicles, aerospace, manufacturing of future housing, and modern and low carbon utilities. The Plan for Growth includes planned reforms to a number of policy levers to help grow these clusters, including business support, skills, business location co-ordination and access to capital.
10. WMCA and WSP, *WM2041 Five Year Plan 2021-26* (Technical Report and Appendices) sets out high-level priorities for decarbonising the economy of the West Midlands in both the short and long term.
11. WMCA, *West Midlands: Home of the Green Industrial Revolution* sets out a prospectus of investment opportunities connected to decarbonising the region's economy.
12. WMCA, *West Midlands' Circular Economy Routemap* analyses how the region could move towards a circular economy.
13. WMCA, *Regional Skills Plan* sets out priorities for skills in the region.
14. WMCA, *West Midlands Local Skills Report* is the report of the Skills Advisory Panel for the region.
15. WMCA, *Adult Education Budget 2022-2025 Strategy* sets out key priorities for the Adult Education Budget in the WMCA area.

16. WMCA, *Net Zero Neighbourhoods programme* aims to demonstrate how to integrate retrofit and other place-based net zero changes on a street-by-street basis.

We also reviewed a wide range of other sources, including the following (a selective list):

1. Black Country Consortium, 'Thematic Deep Dives' ([www.the-blackcountry.com/economic-intelligence-unit/black-country-intelligence-reports/thematic-deep-dives](http://www.the-blackcountry.com/economic-intelligence-unit/black-country-intelligence-reports/thematic-deep-dives))
2. Black Country LEP Delivery Plan ([www.blackcountrylep.co.uk/upload/files/BC%20DELIVERY%20PLAN%202020%20-21.pdf](http://www.blackcountrylep.co.uk/upload/files/BC%20DELIVERY%20PLAN%202020%20-21.pdf))
3. Black Country Transport, *Black Country ULEV Strategy* ([https://consultation.wolverhampton.gov.uk/bct/bct-ulev-strategy/supporting\\_documents/Black%20Country%20ULEV%20Strategy%202020.pdf](https://consultation.wolverhampton.gov.uk/bct/bct-ulev-strategy/supporting_documents/Black%20Country%20ULEV%20Strategy%202020.pdf))
4. Cambridge Econometrics, *Working Futures 2017-2027* ([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/863506/Working\\_Futures\\_Main\\_Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/863506/Working_Futures_Main_Report.pdf))
5. Centre for Economic Performance, LSE, *Are 'green' jobs good jobs?* (<https://cep.lse.ac.uk/pubs/download/special/cepsp39.pdf>)
6. City of Wolverhampton Council, *Future generations: Our climate commitment* ([www.wolverhampton.gov.uk/sites/default/files/2020-01/Future%20Generations%20-%20Our%20Climate%20Committment.pdf](http://www.wolverhampton.gov.uk/sites/default/files/2020-01/Future%20Generations%20-%20Our%20Climate%20Committment.pdf))
7. City of Wolverhampton Council and BritainThinks, *Mini citizens' assembly on climate change* ([http://thinksinsight.com/wp-content/uploads/2021/05/City-of-Wolverhampton-Council\\_Mini-Citizens-Assembly\\_-Report-2020.pdf](http://thinksinsight.com/wp-content/uploads/2021/05/City-of-Wolverhampton-Council_Mini-Citizens-Assembly_-Report-2020.pdf))
8. City of Wolverhampton Council and CLES, *Wolverhampton Pound* (<https://wolverhampton.moderngov.co.uk/documents/s164145/Appendix%201%20Wolverhampton%20Pound%20Vision%20and%20Action%20Plan.pdf> and <https://wolverhampton.moderngov.co.uk/documents/s164145/Appendix%201%20Wolverhampton%20Pound%20Vision%20and%20Action%20Plan.pdf>)
9. Green Alliance, *Closing the UK's green skills gap* ([https://green-alliance.org.uk/wp-content/uploads/2022/01/Closing\\_the\\_UKs\\_green\\_skills\\_gap.pdf](https://green-alliance.org.uk/wp-content/uploads/2022/01/Closing_the_UKs_green_skills_gap.pdf))
10. Green Alliance, *Powering the labour market: skilled work in a low carbon energy system* (<https://green-alliance.org.uk/publication/powering-the-labour-market-skilled-work-in-a-low-carbon-energy-system>)
11. Learning and Work Institute, *Skills for a net-zero economy: Insights from employers and young people* (<https://learningandwork.org.uk/resources/research-and-reports/skills-for-net-zero>)
12. Midlands Connect, *Supercharging the Midlands* ([www.midlandsconnect.uk/publications/supercharging-the-midlands](http://www.midlandsconnect.uk/publications/supercharging-the-midlands))
13. Midlands Engine, *Black Country LEP Profile* ([www.midlandsengine.org/wp-content/uploads/2021/12/ME-LEP-Profile-Black-Country-October-2019.pdf](http://www.midlandsengine.org/wp-content/uploads/2021/12/ME-LEP-Profile-Black-Country-October-2019.pdf))
14. National Audit Office, *Developing workforce skills for a strong economy* ([www.nao.org.uk/reports/developing-workforce-skills-for-a-strong-economy](http://www.nao.org.uk/reports/developing-workforce-skills-for-a-strong-economy))
15. Nesta, *How to scale a highly skilled heat pump industry* ([www.nesta.org.uk/report/how-to-scale-a-highly-skilled-heat-pump-industry](http://www.nesta.org.uk/report/how-to-scale-a-highly-skilled-heat-pump-industry))
16. Office for National Statistics, *Census data; Annual Population Survey; Business Register Employment Survey; Labour Force Survey*
17. Onward, *Course Correction: Why Apprenticeship reform is needed to level up opportunity* ([www.ukonward.com/reports/course-correction-apprenticeships](http://www.ukonward.com/reports/course-correction-apprenticeships))
18. Sandwell Council, *Climate Change Strategy 2020-2041* ([www.sandwell.gov.uk/download/downloads/id/31151/climate\\_change\\_strategy.pdf](http://www.sandwell.gov.uk/download/downloads/id/31151/climate_change_strategy.pdf))
19. Sandwell Council, *Inclusive Economy Deal 2020* (<https://think-sandwell.com/storage/app/media/docs/09a-sandwells-inclusive-economy-deal-appendix.pdf>)
20. Sustainability West Midlands, *West Midlands Sustainability Roadmap to 2030: Annual monitoring report 2021* ([www.sustainabilitywestmidlands.org.uk/wp-content/uploads/SWM-Roadmap-Monitoring-Report-FINAL-Aug-2021.pdf](http://www.sustainabilitywestmidlands.org.uk/wp-content/uploads/SWM-Roadmap-Monitoring-Report-FINAL-Aug-2021.pdf))
21. Sustainability West Midlands, *Midlands Low Carbon Sector Study: Black Country LEP* ([www.sustainabilitywestmidlands.org.uk/resources/midlands-low-carbon-sector-study](http://www.sustainabilitywestmidlands.org.uk/resources/midlands-low-carbon-sector-study))

22. Transport for West Midlands, *Reimagining transport in the West Midlands* ([www.tfwm.org.uk/who-we-are/our-strategy/green-paper-2021](http://www.tfwm.org.uk/who-we-are/our-strategy/green-paper-2021))
23. TUC, *A better recovery for the West Midlands* ([www.tuc.org.uk/sites/default/files/2020-07/A%20Better%20Recovery%20West%20Mids%20Report.pdf](http://www.tuc.org.uk/sites/default/files/2020-07/A%20Better%20Recovery%20West%20Mids%20Report.pdf))
24. WM REDI, *State of the Region 2021* ([www.birmingham.ac.uk/research/city-redi/wm-redi/state-of-the-region-2021.aspx](http://www.birmingham.ac.uk/research/city-redi/wm-redi/state-of-the-region-2021.aspx))
25. WMCA, *WM2041 Climate Action Plan* ([www.wmca.org.uk/media/4008/wm2041-final-003.pdf](http://www.wmca.org.uk/media/4008/wm2041-final-003.pdf))
26. WMCA, *Productivity and Skills Commission* (<http://web.archive.org/web/20220309073416/https://www.wmca.org.uk/what-we-do/productivity-skills-commission>)

# ANNEX 3

# DEFENDING

# EXISTING JOBS

## QUANTIFYING THE CHALLENGE

There are around 60,000 manufacturing jobs in the Black Country. Oxford Economics, in their work presented to the Black Country Consortium, predicted a loss of 14,000 jobs or 22% fall in manufacturing jobs in the Black Country between now and 2032 in the absence of any action. This is a result of automation, relocation (including of customers), supply chain disruption and energy and net zero pressures. The forecast identifies “two factors [that] will weigh on UK long-term growth prospects for the next 10 years and beyond: Brexit risks and scarring from the pandemic.”<sup>34</sup>

However this analysis does not explicitly take into account the acute problems faced by high-energy manufacturing, which accounts for about 25% of the manufacturing jobs in the region.<sup>35</sup> In the absence of action, the position may be even bleaker than the Oxford Economics forecast suggests.

### HIGH-ENERGY MANUFACTURING

In normal times, high-energy manufacturing jobs are relatively secure – operations are difficult to relocate, and have already been substantially automated. However, the transition to net zero poses major problems for these businesses in the absence of

any action. Arguably, interventions are needed to secure or replace *all* of the 15,000 high-energy manufacturing jobs – both ensuring they continue to have customers (in or beyond the region) and that their costs are contained.

The UKRI-funded initiative Repowering the Black Country is on track to secure or replace 20,000 jobs of which perhaps two thirds will be in the high-energy sub-sector, implying it will secure or replace around 90% of the high-energy jobs at risk.<sup>36</sup> However, so far the bulk of business interest in it has come from inward investors and interest from existing businesses in the region has been less encouraging. Interviewees told us that net zero was still seen as a “coming down the line” problem, and that while the energy crisis has prompted a lot of incremental energy saving measures in business, few businesses have the cash or bandwidth for investment in relocation, or other capital investments in net zero: “the smaller SMEs don’t have the inclination [or] the time to do it [make investment in change].” As few as 25% of the high energy jobs secured could be with local firms, meaning just under 12,000 jobs remain at risk – and all the more at risk given that potentially competing firms will be taking advantage of the initiative.<sup>37</sup>

34 Oxford Economics. *Economic Forecasting Model: Technical Report*. July 2021. Available at [www.blackcountrylep.co.uk/upload/files/210730%20Economic%20Forecasting%20Model\\_Technical%20Report.pdf](http://www.blackcountrylep.co.uk/upload/files/210730%20Economic%20Forecasting%20Model_Technical%20Report.pdf) [accessed 25/03/2023]

35 Demos analysis.

36 Black Country LEP. *Repowering the Black Country: A prospectus to lead a clean growth revolution in the UK*. June 2020, p. 31. Available at [www.blackcountrylep.co.uk/upload/files/Final%20Repowering%20the%20Black%20Country%20-%20Main%20Body%20Phase%201%20Report.docx.pdf](http://www.blackcountrylep.co.uk/upload/files/Final%20Repowering%20the%20Black%20Country%20-%20Main%20Body%20Phase%201%20Report.docx.pdf) [accessed 25/03/2023]

37 We said two thirds of the 20,000 jobs secured are in high-energy manufacturing, that is, 13,333. 25% of this is 3,333. If there are 15,000 jobs in high-energy manufacturing, that leaves 11,666 jobs vulnerable.

While these jobs may be replaced by new jobs at inward investing companies, this presents a problem. Large inward investing firms are far more likely to recruit those under 40 than those over 40, particularly if, as is likely, workers' skills need updating to some extent. There is a risk that a shortage of skilled workers under 40 sends inward investors elsewhere before it significantly increases employment of older workers. The existing manufacturing workforce in the Black Country is relatively old, with approximately two thirds of the workforce already over 40, and a further 11% who will be 40 within five years. If half of the workforce currently over 50 retire or are happy to retire early during the period, that still leaves about 6,500 people at risk of prolonged unemployment.<sup>38</sup>

## **OTHER MANUFACTURING**

We have not been able to quantify the threat to other manufacturing jobs, so we rely on the Oxford Economics estimate, equivalent to around 10,000 jobs. If we apply the same 'older workers' ratio that we used above, that means approximately 5,500 people may be at risk of prolonged unemployment, making a total of 12,000 workers at risk in manufacturing as a whole, or around 20% of the existing workforce. Obviously the level of threat depends on the particular markets a firm serves (internal combustion engines as compared to low-carbon technologies, for example), but the point is that the overall level of risk to older workers is significant.

<sup>38</sup> 78% of the workforce will be over 40 in five years. However half of those currently over 50 (half of 44%) will retire either at state pension age or earlier because of a good occupational pension scheme. That leaves 56% of 11,666 or 6,532.

# ANNEX 4

# EXISTING INITIATIVES

The table below is not comprehensive but summarises our understanding of some existing initiatives, grouped according to which of our objectives they are most relevant to.

OBJECTIVE	NAME	DESCRIPTION	WHO FUNDS?	WHO LEADS?
<b>Defend existing jobs</b>				
Attract more businesses to locate in the Black Country	Inward investment programme ( <a href="#">link</a> )	Programme designed to encourage and support inward investment	WMCA	Invest West Midlands (part of West Midlands Growth Company)
More SME innovation	West Midlands Innovation Programme ( <a href="#">link</a> )	Innovation pilot projects; networking; events; business support	WMCA	Innovation Alliance for the West Midlands
Provide growth capital to SMEs	West Midlands Equity Co-Investment Fund	Provide initial and follow-on equity to high-growth potential firms	WMCA, West Midlands Pension Fund	WMCA
More digital innovation	Made Smarter ( <a href="#">link</a> )	Digital innovation for SME manufacturing businesses	Department for Business and Trade, UKRI	Black Country Growth Hub
General support for SMEs / businesses	Help to Grow ( <a href="#">link</a> )	Support for businesses; management programme Help to Grow: Management Course	Department for Business and Trade	Department for Business and Trade
A channel for initiatives, and help with (local) government relations	Local authority business engagement	Helping with statutory functions; convening meetings and helping with access to support	Local authorities	Local authorities

OBJECTIVE	NAME	DESCRIPTION	WHO FUNDS?	WHO LEADS?
Reduce energy and carbon usage	Repowering the Black Country	Aiming to create manufacturing clusters around zero carbon hubs	UKRI	Stand alone
Reduce carbon usage	Low carbon SME grants	Helping SMEs access capital to reduce carbon usage (e.g. energy efficiency)	European Regional Development Fund (ERDF) / Black Country Growth Hub	Black Country Growth Hub
Stimulate net zero related innovation	West Midlands Low Carbon and Circular Economy Innovation Fund	Funding innovation in businesses which could support net zero	Greater Birmingham and Solihull LEP	Greater Birmingham and Solihull LEP
Help businesses with export opportunities	great.gov.uk	Website and advice services to support businesses with exporting	Department for Business and Trade	Department for Business and Trade
Support businesses to trade internationally	International Trade services	Variety of services to support businesses with international trade and exporting	Black Country Chamber of Commerce	Black Country Chamber of Commerce
Identify solutions for energy for West Midlands manufacturing	West Midlands Industrial Energy Taskforce ( <a href="#">link</a> )	Taskforce (chaired by Matthew Rhodes)	WMCA	WMCA, Repowering the Black Country
<b>Maximise new opportunities – supply side</b>				
Ensure planning of future training matches business needs	West Midlands Local Skills Improvement Plan	Stakeholder forum with small budget designed to facilitate planning/ investment	DfE	Chambers of Commerce
Ensure supply of green skills	Green Jobs Delivery Group ( <a href="#">link</a> )	Central government-led group working to create action plans for specific sectors	Central government	DESNZ and DfE
Improve coordination for technical 'green skills'	Skills strategy	Skills strategy, including green skills	WMCA (Adult Education Budget)	WMCA
Provide training to young people (16-18)	T Levels	A Level equivalent qualifications in technical skills such as construction	DfE	FE colleges, schools

OBJECTIVE	NAME	DESCRIPTION	WHO FUNDS?	WHO LEADS?
Provide employment support, skills and careers advice, especially to people from disadvantaged backgrounds	Shared Prosperity Fund	'People and skills' investment priority	WMCA (devolved from DLUHC)	WMCA
Improve numeracy skills	Shared Prosperity Fund - Multiply	Numeracy skills programme	WMCA (devolved from DLUHC)	WMCA
Improve skills supply/ opportunities	Sector-based work academy programmes (SWAPs)	Short programmes designed to help people prepare for a job in a specific sector	WMCA (AEB) (DWP defined programme)	WMCA
Improve skills supply/ opportunities	Boot camps	Courses to teach specific skills (19+)	WMCA (AEB)	Providers commissioned by the WMCA
Improve skills supply/ opportunities	Walsall employment and skills pathfinder	Pathfinder pilot to align employment and skills, announced in the Levelling Up White Paper	DWP and DfE	Partnership of organisations
Improve skills supply/ opportunities	Black Country Talent Match	Provides additional support for people aged 18-29 (may be ending soon - future funding unclear)	National Lottery Community Renewal Fund (WMCA / UK government) European Social Fund	Wolverhampton Voluntary Sector Council
Improve skills supply/ opportunities	Family Matters (Building Better Opportunities)	Employment support	European Social Fund National Lottery	Black Country Together CIC
<b>Maximise new opportunities – demand side</b>				
Grow economic clusters in the West Midlands	Plan for Growth ( <a href="#">link</a> )	Programme of eight economic clusters in the region aiming to boost clean and inclusive growth	Private sector, WMCA	WMCA
Streamline retrofit and structure investment	Low Carbon Zones	Street by street installation of insulation, heat pumps and charge points	WMCA	WMCA

OBJECTIVE	NAME	DESCRIPTION	WHO FUNDS?	WHO LEADS?
Improve employment prospects locally	Proposed Black Country Anchor Network	Co-ordinate procurers, employers and skill providers	Black Country Integrated Care System	CLES, Black Country LEP
Various social objectives including employment	Sandwell Anchor Network	Co-ordinate procurers, employers and skill providers	Sandwell Council, CLES	Anchor Network members, CLES
Various social objectives including employment	Wolverhampton Pound (Wolverhampton Anchor Network)	Co-ordinate procurers, employers and skill providers	Wolverhampton Council	Anchor Network members
Encourage business investment / growth	Enterprise Zones	Provide tax breaks and government support in specific locations	Black Country LEP	Black Country LEP
Encourage business investment / growth	Levelling Up Zones	Zones/corridors identified by WMCA and constituent authorities on the basis of their potential for growth and levelling up	WMCA	WMCA, local authorities

# ANNEX 5 MAXIMISING OPPORTUNITIES IN INFRASTRUCTURE QUANTIFYING THE POTENTIAL

While initiatives to attract residential and commercial developments will continue as part of 'normal' regeneration and development programmes, the impact of net zero will primarily come through five areas identified by the West Midlands Combined Authority in the *WM2041 Five Year Plan 2021-2026* (technical report and appendices).<sup>39</sup>

1. Domestic buildings
  - a) Energy efficiency (e.g. installing insulation)
  - b) Fuel switching (e.g. installing heat pumps)
  - c) Micro-generation (e.g. installing solar panels)
2. Commercial buildings
  - a) Energy efficiency (e.g. installing insulation)
  - b) Fuel switching (e.g. installing heat pumps)
  - c) Micro-generation (e.g. installing solar panels)
3. Industrial buildings
  - a) Energy efficiency (e.g. installing insulation)
  - b) Fuel switching (e.g. installing heat pumps)
  - c) Micro-generation (e.g. installing solar panels)

4. Transport
  - a) EV charging network (e.g. manufacturing, installation, maintenance)
  - b) Public transport (e.g. bus drivers)
  - c) Creation of cycle lanes
5. Land use
  - a) Renewable electricity generation (e.g. onshore wind and solar - installation and maintenance)
  - b) Natural capital (e.g. tree planting)

All five programmes are either underway or bound to happen, but there remains uncertainty about their future scale and timing, leading to what was described to us as a 'chicken and egg' problem - that is, uncertainty on the demand side leads to uncertainty on the supply side. The following projections for the WMCA area, also part of the plan, are based on the central scenario, which is consistent with the UK government's overall net zero strategy.<sup>40</sup>

39 WSP. *WM2041 Five Year Plan 2021-2026: Technical Report*. West Midlands Combined Authority, 2021, p. 125. Available at [www.wmca.org.uk/media/4870/wm-net-zero-fyp-tech-report.pdf](http://www.wmca.org.uk/media/4870/wm-net-zero-fyp-tech-report.pdf) [accessed 25/03/2023]

40 The Oxford Economics study predicts 8,986 additional jobs in the health and social care sector by 2032, and a net additional 9,680 jobs in all other sectors. There may be some movement of employees from the manufacturing sectors to comparably paid health and social care jobs but we have assumed this will be insignificant. There may be more opportunities for those currently unemployed or in badly paid or insecure employment, but that is out of scope for this project as are the jobs in other sectors.

SECTOR	GOALS	JOBS CREATED BY 2026	JOBS CREATED BY 2041
Domestic	Energy efficiency	5,500	18,800
	Fuel switching	6,900	23,500
	Micro-generation	1,800	7,900
Commercial	Energy efficiency	500	2,200
	Fuel switching	500	2,200
	Micro-generation	100	600
Industrial	Energy efficiency and fuel switching	10	200
	Micro-generation	10	100
Transport	Fuel switching (HGVs)	0	400
	Fuel switching (buses, taxis)	500	800
	Demand reduction (trips)	40	120
	Mode shift	1,500	1,500
	EV uptake	3,400	32,800
Land use	Renewables	40	600
	Natural capital	200	700
<b>Approximate total jobs (net)</b>		<b>21,000</b>	<b>92,420</b>

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