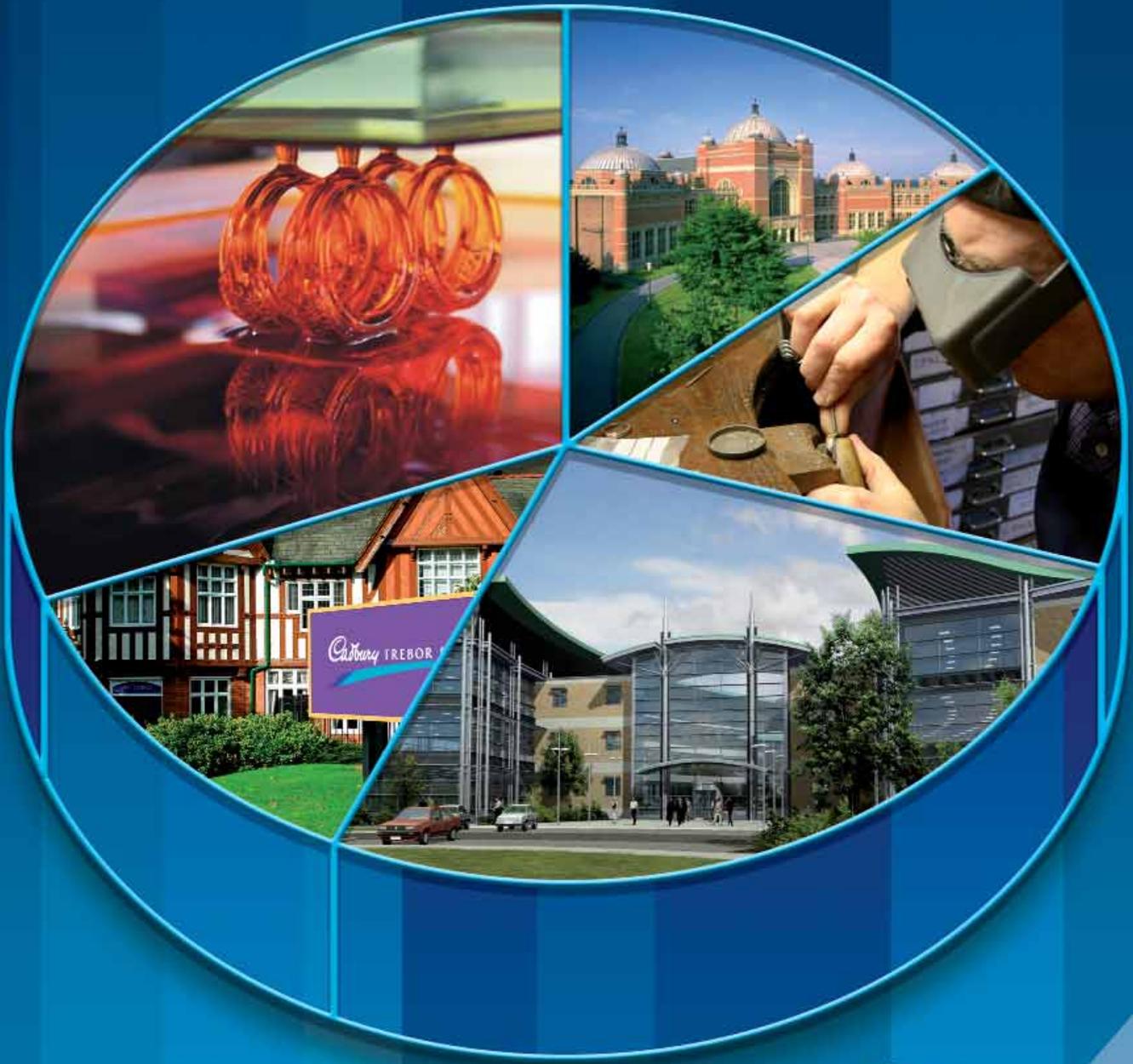


Making Things Happen

A Strategy for Manufacturing in Birmingham

2006 - 2015



This document has been prepared at the request of Birmingham City Council, in close consultation with its partners in the Birmingham Economic Development Partnership (Birmingham Chamber of Commerce and Industry, Birmingham and Solihull Learning and Skills Council and Jobcentre Plus)

FOREWORD

Birmingham's manufacturing sector is one of our City's most important economic assets. It provides jobs for tens of thousands of local people and generates wealth and prosperity for all our residents. Birmingham's manufacturing heritage is an important part of our history and we all have a right to be proud of how the sector has helped to shape our City and make it what it is today.

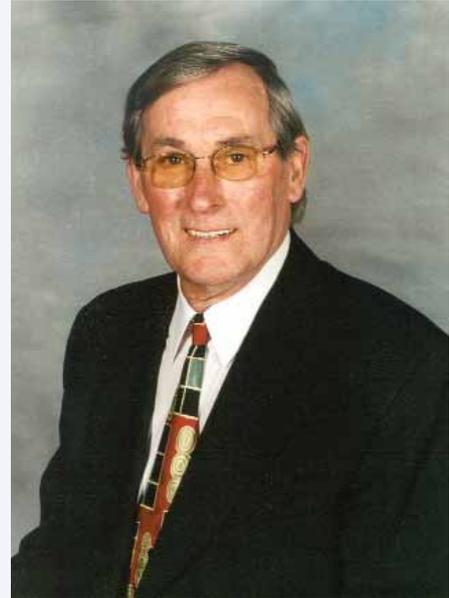
But manufacturing is changing, not only in Birmingham, but also around the world. The rapid growth of emerging economies presents new challenges for domestic manufacturers. But these markets also offer our businesses significant new opportunities for trade. Our most successful firms already recognise this, and have responded by investing in the skills and technology they need to maintain their competitive advantage. They have diversified their businesses away from traditional markets and volume production, instead embracing the higher-value, knowledge-intensive manufacturing that continues to find a ready market both here and overseas.

We want to ensure that more of our manufacturers are able to do the same, securing the sustainability and prosperity of the sector for generations to come. Our vision is that by 2015 the sector will be widely recognised for making things happen. Birmingham will be a centre of manufacturing excellence, with our companies fully exploiting technology and innovation to secure a competitive edge in global markets and to provide high quality employment for local people.

This Strategy sets out a framework of action to help realise this vision. We will work with partners across the City, including those from the voluntary and community sector to provide the infrastructure and support manufacturers need to grow and prosper. But we can do little without the help and support of businesses themselves: it is critical that Birmingham's manufacturers share our vision and work with us to realise it. Together we must show our young people that manufacturing in Birmingham offers an enjoyable and fulfilling career in an industry where skill and talent is rewarded.



Councillor Ken Hardeman
Cabinet Member for Regeneration
Birmingham City Council



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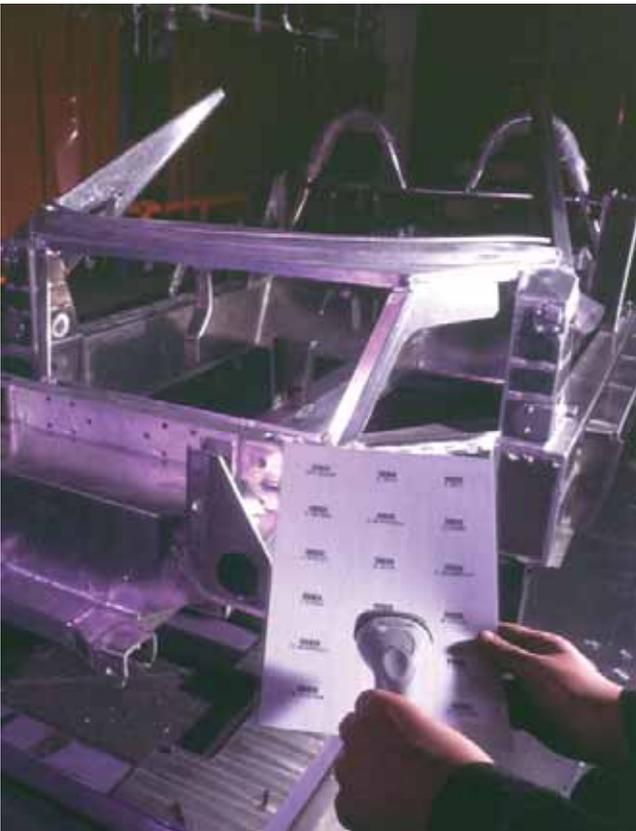


Executive Summary

Birmingham's manufacturing sector continues to play a key part in the City's economy, employing over 60,000 people in more than 3,300 manufacturing businesses. These include world-class manufacturing companies, which successfully compete in international markets and highly innovative small businesses that are leaders in their field. This is underpinned by Birmingham's universities, with their excellent scientific and research facilities providing the platform for the future development of patents, licence opportunities and 'spin-out' ventures.

Whilst it is forecast that Birmingham's manufacturing employment will continue to fall in future years, its economic output will increase. To achieve and strengthen this growth it is vital that this diverse sector becomes ever more competitive through leaner processes and faster responses to market needs. Local firms will find it increasingly difficult to compete with developing countries for mass-produced goods. As these global competitors develop further, Birmingham's manufacturers must continuously innovate, using knowledge and technology to stay ahead of the game. To enable these changes the sector will require a higher skilled workforce and a stronger ability to commercialise research opportunities.

By 2015, Birmingham's manufacturing sector will be widely recognised for making things happen. The City will be a centre of manufacturing excellence, with companies fully exploiting technology and innovation to secure a competitive edge in global markets and to provide high quality employment for local people.



The City Council and its partners recognise there are substantial opportunities for Birmingham's manufacturing sector, particularly in growing sub-sectors such as environmental and medical technologies. Partners and stakeholders are working together to address the challenges that must be overcome to let the sector secure a strong competitive edge. This strategy seeks to build on and complement existing activities and to provide strong leadership in championing manufacturing in Birmingham.

Six areas of activity underpin Birmingham's vision for its manufacturing sector:

- **Changing the image and perception of Birmingham's manufacturing sector**
- **Providing a high-quality infrastructure which meets the needs of manufacturing**
- **Increasing entrepreneurship and innovation in manufacturing**
- **Developing a highly-skilled and adaptable manufacturing workforce**
- **Supporting collaboration with and across the manufacturing sector**
- **Encouraging a more diverse manufacturing workforce**

There are a broad range of partners, partnerships and stakeholders who have a role in delivering the aims and ambitions of this strategy. Over the coming months we will continue a dialogue with these to develop an action plan to take forward the strategy's priorities and to identify resources to do this. It is anticipated that the majority of the priorities will be delivered through more efficient and effective working within and between organisations, using existing resources.

Introduction and Vision

The manufacturing sector is hugely diverse and includes sub-sectors as varied as chemicals and pharmaceuticals; textile and paper products; food and drink; and mechanical engineering. In recent years the significant decline of traditional manufacturing employment and the loss of a number of large-scale employers has highlighted the need for much of Birmingham's manufacturing sector to restructure itself to compete more effectively in global markets.

Whilst there are already many manufacturing firms within Birmingham that are successfully competing in global markets, there continue to be companies that need to modernise and diversify their products and processes if they are to secure a sustainable future.

This strategy seeks to provide a strong framework to enable a range of partners to facilitate and support this change. It seeks to celebrate and champion Birmingham's existing manufacturing successes and to enable and encourage the successes of the future.

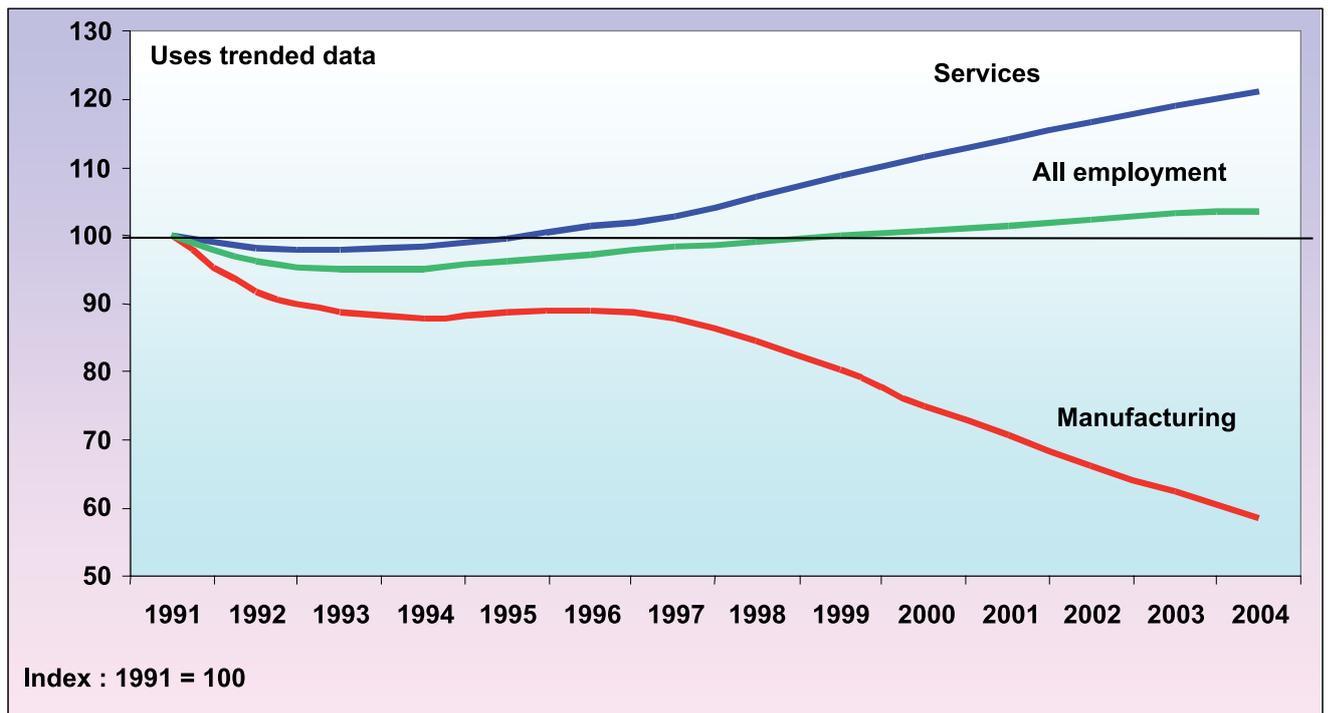
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Birmingham's Manufacturing Sector

Recent trends in Birmingham's manufacturing sector are stark. In the late 1970s manufacturing employed around 250,000 people in the City, almost half of Birmingham's total workplace employment. However, by 2004 this figure had fallen to 65,000, representing just 13% of the total workforce. There will be a further dramatic drop in the City's manufacturing employment figures for 2005 due to the collapse of MG Rover. However, in March 2006 just under 4,000 of the 6,271 former employees of Rover and its supply chain companies who had claimed Jobseekers' Allowance, were back in work. Around 40% of these had found new work within the manufacturing sector.

Since 1979 manufacturing employment in Birmingham has been declining much faster than the UK average. Between 1991 and 2004 it fell by 45% (see Figure 1), compared with 26% nationally. In contrast, the City's service sector employment has increased significantly. Part of this service growth itself reflects a trend for out-sourcing service-based functions previously undertaken in-house by manufacturing companies. Manufacturing employment in Birmingham is forecast to fall by 24% between 2004 and 2015, from 65,000 to 49,000 jobs. It is expected that businesses will respond to increased competition by divesting themselves first of unskilled and low skilled jobs. As a result looking forward to 2015, productivity per worker in manufacturing is forecast to remain above the average for businesses across all sectors.

Figure 1: Trends in Manufacturing, Service & Total Employment in Birmingham (1991-2004)



Source: BEIC, ONS.

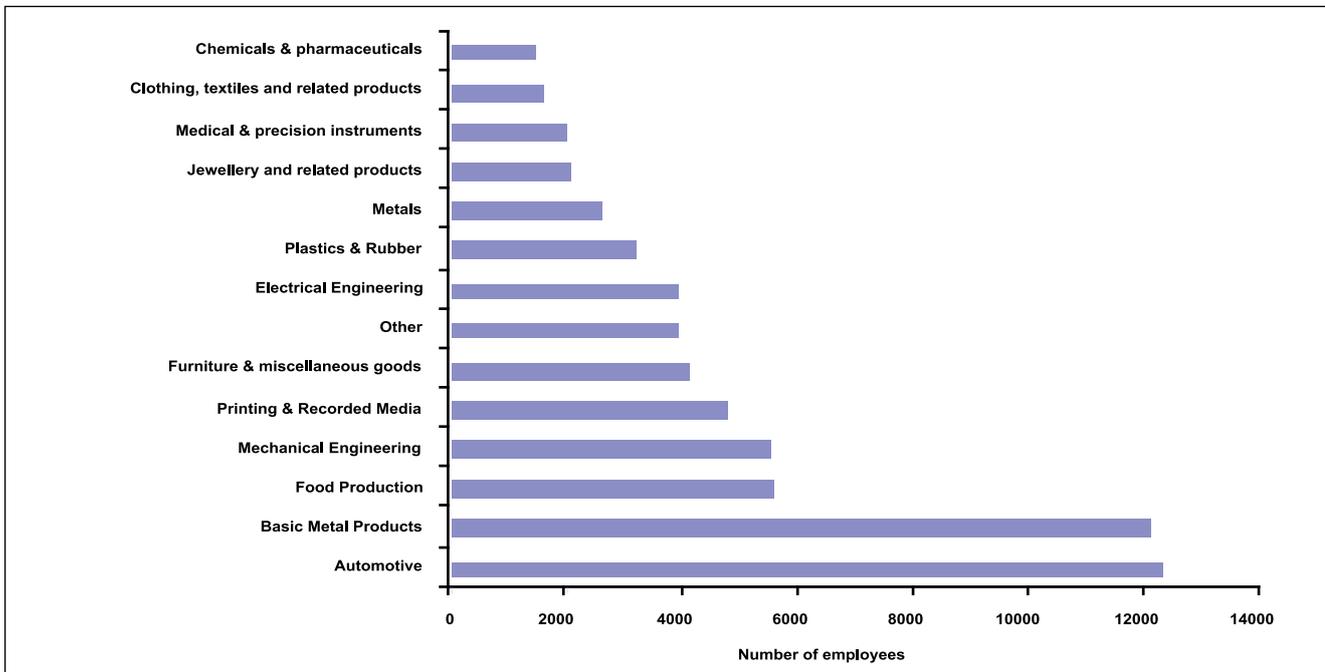
Despite a decline in overall employment figures, the sector remains a significant employer for Birmingham. Indeed the City has a higher concentration of manufacturing employment than any other local authority in the UK. In 2004, of the 32,098 workplaces in Birmingham 3,360 were manufacturers, with 97% of those employing fewer than 100 people.

In 2004 manufacturing accounted for 22.3% of all full-time employee jobs held by Birmingham residents and 29% of full-time jobs held by local men. However, the sector accounted for only 8.9% of employment for Birmingham's female residents. Similarly, black and minority ethnic (BME) groups were significantly under-represented in the sector. Indian, Pakistani and Black Caribbean residents accounted for 17% of people employed locally, but only 4% of the manufacturing

workforce. There is a clear propensity for older workers to be employed within the manufacturing sector, with 21% of employees aged over 50 employed within the sector.

In 2004 Birmingham's main manufacturing industry for employment was the automotive sector with 12,300 jobs, 19% of manufacturing employment (see Figure 2). This was followed by basic metal products with 12,100 jobs (18.6%); food production with 5,600 (8.6%); mechanical engineering with 5,400 (8.4%); printing & recorded media with 4,900 (7.4%); electrical engineering with 3,900 (6%); and plastics & rubber with 3,200 (5%). Other key sub-sectors for the City include jewellery and related manufacturing (2,100 jobs), medical and precision instruments (2,000) and clothing, textiles and related manufacturing (1,600).

Figure 2: Birmingham Manufacturing Employment by Sub-Sector (2004)



Source: BEIC, ONS.

The City continues to be strongly represented in particular manufacturing sub-sectors. In 2004 relative manufacturing employment in Birmingham's automotive sector was 315% of the UK average and 174% in basic metal products. However, the City has less presence in key sub-sectors with growth potential. For example, in 2004 employment in computer manufacture, other electronics and pharmaceuticals was only 18%, 29% and 61% of the UK average respectively.

Whilst the sector as a whole has seen a fall in employment, there are some sub-sectors that have experienced employment growth since 1991. For example, employment in the textile industry grew by over 50% between 1991 and 2004 and recycling by more than 600%, albeit from a low base. Such figures highlight the City's potential for key design and technology-led sub-sectors in future years, including environmental technologies.

In 2005 the City's manufacturing sector produced output estimated at £2.9 billion, around a fifth of Birmingham's total output. As a result of ongoing productivity improvements, Birmingham's manufacturing output is expected to increase over the next decade, rising from £2,884 million to £3,173 million⁽¹⁾. However, reflecting the continued growth of the City's service sector, manufacturing's share of the City's total output is predicted to fall by 2% by 2015, following a fall of 10% between 1981 and 2005. Similarly Birmingham's output is expected to account for a smaller share of total UK manufacturing output over the next decade, down from 1.83% in 2005 to 1.76% by 2015.

⁽¹⁾ Forecast figures are in constant 2000 prices.

A major factor behind the more rapid de-industrialisation of Birmingham compared to the rest of the UK has been that modern factory requirements are often more readily met by greenfield sites. As an urban area Birmingham can provide few of these. This difficulty in attracting new factory investment has contributed to the City's inability to build up a critical mass of employment in those manufacturing activities which were more buoyant in the 1980s and 1990s, such as pharmaceuticals and electronics. As a result Birmingham has to a certain extent been locked into mature industries, including car assembly, with less scope for output growth.

Birmingham's output figures for certain sub-sectors are expected to increase between 2005 and 2015 with, for example, the pharmaceuticals industry forecast to see an increase of over 90% and the electronics industry over 40%. This growth is largely due to companies with strong links to local universities and highlights the need for the City to strengthen its position in newly emerging, fast-growth sub-sectors. Mechanisms such as the Central Technology Belt will be key to securing this potential (see Section 3).

Local manufacturing businesses face increasing difficulties in competing on the basis of low labour costs. It is crucial that they are able to adapt to compete on the basis of higher quality products and services, whilst retaining the flexibility to operate in emerging markets with greater growth potential. This highlights the need for local businesses to strengthen their position in product research and development (R&D), design and manufacturing processes. The success of this approach will depend on increased and sustained investment in innovation; the development of an entrepreneurial culture; and the provision of higher-level skills amongst the sector's workforce. This will enable businesses to be more innovative and adaptable, to offer value-added products and to create new markets.

Policy Context and Existing Interventions

There are a range of policies and interventions in place seeking to address manufacturing and manufacturing-related issues, at European, national, regional and local levels. However, given the strategic importance of manufacturing to Birmingham's present and future economy and the pressing need for the sector to move towards higher added-value products, the City Council thought it essential to ensure that all appropriate support could be put in place for the sector.

Focusing in closer than existing strategies which address broader geographies or economic issues, this strategy seeks to draw out specific priorities for Birmingham's development of a modern, diversified manufacturing sector. It seeks to complement and add value to existing policy frameworks and delivery activities and to provide a strong means of coordinating interventions locally. In particular this strategy builds upon Birmingham's Economic Strategy 2005-2015, which addresses a wide range of economic issues, many with relevance to the manufacturing sector. Given that the



issues faced by the sector are not constrained by administrative boundaries, where appropriate we will work with neighbouring authorities, particularly in the city-region, to take forward priorities.

The European Union's vision for manufacturing seeks to accelerate the sector's transformation towards the knowledge economy. Supporting the EU's objective of becoming the most competitive and dynamic knowledge-based economy in the world, this vision is complemented by the EU's Industrial Policy and Frameworks for Research and Technological Development. Each of these encourages a greater focus on innovation and developing the capacity of high value-added, technology-based industries.

Nationally the Government produced a UK Manufacturing Strategy in 2002 to support the development of a 'vibrant, knowledge-intensive, high-skilled manufacturing base'. This strategy was reviewed in 2004 and sets out eight priorities for the sector's future success:

- Promoting science and innovation
- High skilled, high performance workplaces
- Encouraging intelligent public procurement
- Encouraging high value-added investment
- Promoting best practice
- Improving understanding of manufacturing
- Better regulation
- Modern infrastructure

Complementing its Manufacturing Strategy, in July 2004 the Government published a ten-year Science and Innovation Investment Framework. This sets out a long-term vision which includes a growing high-technology manufacturing sector. In particular the framework highlights the need to increase R&D activity within the manufacturing sector.

At a regional level, the West Midlands Economic Strategy (WMES) identifies a 'Manufacturing Challenge' for the region. It seeks to develop a manufacturing sector that is 'future-proofed' through modernisation and diversification, and 'renowned for its innovative activity'. The strategy also includes a specific action to create a supportive environment that helps to grow manufacturing enterprises. This regional objective is supported by the West Midlands Innovation Strategy, which aims to improve regional competitiveness through greater innovation and investment in R&D.

Furthermore, the West Midlands International Trade Strategic Plan recognises the contribution that manufacturing makes to regional export trade, but highlights that export performance could be improved across the sector.

The Birmingham Community Strategy recognises 'exploiting our knowledge' as being key to raising the City's national and international profile. It highlights the commercialisation of research and improved links between the City's universities and businesses as being critical for the future of Birmingham's manufacturing sector. Building on this, Birmingham's Economic Strategy acknowledges the challenges faced by the sector resulting from a decline in mature product markets and the failure to diversify into new industries. To maintain and improve the competitiveness of the City's manufacturing sector, the Birmingham Economic Strategy identifies the need to:

- build on its existing base by diversifying and modernising into high-technology, high value-added products and processes;
- develop more entrepreneurial activity within manufacturing and more business spin-outs from the specialist research activities undertaken in Birmingham's universities;
- encourage more young people to aspire to scientific and technological careers;
- retain the specialist graduate output of Birmingham's universities and draw in high-level skills from elsewhere; and
- successfully promote Birmingham as a location for new and relocating technology-based businesses.

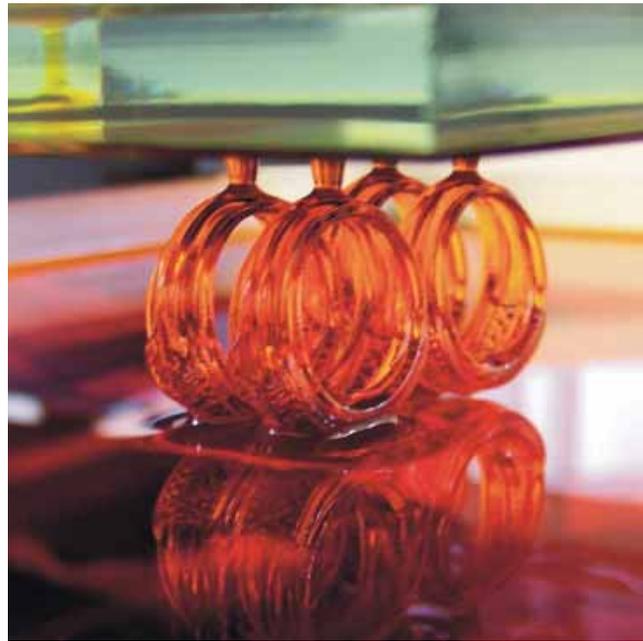
In the 2005 Budget the Chancellor designated Birmingham as a Science City. This provides a valuable opportunity for building upon the City's existing science and technology strengths and attracting further investment in this field. The City Council and the City's universities are working with Advantage West Midlands (AWM) to develop this model further.

In terms of delivery there are already a number of interventions in place locally and regionally which specifically address the manufacturing sector. The availability of a large number of business services for manufacturing reflects the sector's importance and the strategic commitment to improving its sustainability. Regionally, AWM has identified manufacturing as one of its Business Clusters, with a Cluster Action Plan for 2005 – 2008 emphasising the need for the sector to become more agile and innovative and identifying a series of key regional projects. In addition, following the recognition of the region's heavy dependence on automotive manufacturing, AWM designated three High-Technology Corridors within the region to encourage greater economic diversification and to better exploit the extensive knowledge base within local research bodies. One of these, the Central Technology Belt, runs from Birmingham's city centre into Worcestershire, drawing on key development sites and research institutions along the A38.

The Manufacturing Advisory Service – West Midlands (MAS-WM) provides access to specialist advice and support to

address the practical and operational needs of the region's manufacturers. It also offers in-depth consultancy support for more detailed process improvements such as lean manufacturing techniques, product or process innovations and new materials technologies. In addition, Business Link offers non-technical advice and information to businesses, including support for new start-ups and growing businesses. A new regional model for delivering Business Link services will be introduced in April 2007 and will include a specialist manufacturing service designed to focus on improving the competitiveness of the region's manufacturers.

The Birmingham & Solihull Learning and Skills Council (LSC) supports workforce development in the sector, working closely with local training providers, the Regional Skills



Partnership, appropriate Sector Skills Councils and employer networks and the Automotive Academy. The LSC's activities targeting manufacturing encompass the full spectrum of skills from basic to higher level. They seek to ensure local skills provision meets the needs of employers and to improve the skills of existing manufacturing employees.

Each of these organisations refers clients to specialist support providers and regional initiatives where appropriate. These include Accelerate, which supports the modernisation of the region's automotive manufacturers, and the Diversification programme, which assists manufacturers in entering new markets or market sectors.

Birmingham's public sector partners have undertaken a wide range of activities targeting the sector in recent years. The successive challenges faced by MG Rover and its associated supply-chain have resulted in significant public agency coordination and investment, in particular to avoid the loss of manufacturing and engineering skills from both the sector and the region. Programmes to support and encourage managers and potential future employees have also been implemented.

Moving Forward

It is clear from the preceding section that there are already a number of organisations and partnerships implementing policies and activities for the manufacturing sector. It is critical that this strategy's actions complement and add value to these rather than making the arena yet more complex. The delivery of this strategy will depend on strong coordination between partners within the City, including the private sector.

There are a number of challenges which are critical for securing a more sustainable future for manufacturing in Birmingham. Whilst this strategy seeks to identify and address key issues for the sector as a whole, it must be recognised that the degree to which specific issues are felt within individual sub-sectors will vary.

To underpin the City's vision for manufacturing, six key challenges have been identified:

- **Changing the image and perception of Birmingham's manufacturing sector**
- **Providing a high-quality infrastructure which meets the needs of manufacturing**
- **Increasing entrepreneurship and innovation in manufacturing**
- **Developing a highly-skilled and adaptable workforce**
- **Supporting collaboration with and across the manufacturing sector**
- **Encouraging a more diverse manufacturing workforce**

The following sections consider these in turn and identify a number of priorities that are viewed as being critical for achieving the City's long-term vision for the sector.

1. CHANGING THE IMAGE AND PERCEPTION OF BIRMINGHAM'S MANUFACTURING SECTOR

Despite the sharp decline in Birmingham's manufacturing employment, the City continues to have successful manufacturing firms and specialist manufacturing markets, such as its jewellery trade. There is also a range of world-class, manufacturing-related research taking place in the City's universities and considerable opportunities to benefit from growing manufacturing sub-sectors, such as environmental and medical technologies. Nevertheless, Birmingham's manufacturing sector continues to suffer from a poor image that affects its ability to attract inward investment and new and skilled employees. Working with Marketing Birmingham, Locate in Birmingham, the City's universities, colleges, schools, the local media and other partners, the City must overcome this negative image if it is to secure a sustainable future for the sector.

Key priorities for action include to:

1.1 Celebrate Birmingham's success in manufacturing

- Champion the City's world-class manufacturing companies and those manufacturing sub-sectors with growth opportunities in Birmingham.



- Support Birmingham's universities to better promote their manufacturing-related research and business-university collaboration activities.
- Recruit and equip a range of senior figures from the City's manufacturing sector, support sectors and the public sector, to act as Ambassadors, informed and enthused about Birmingham's manufacturing capability.

1.2 Raise the national and international profile of the City as an innovation centre

- Generate a clear innovative manufacturing brand for the City, emphasising its strengths in emerging sub-sectors.
- Champion Birmingham as a place that makes things happen and a place for manufacturing investment and research, linking to the Science City designation.
- Showcase Birmingham's manufacturing successes and opportunities on the international stage.

1.3 Capture the imagination of our young people and graduates and facilitate a 'can do' and 'make things happen' culture in the City

- Work with education establishments, Connexions, careers advisors and employers to promote manufacturing and science-based career opportunities to the City's school children and graduates.
- Work with vehicles such as the Science, Engineering, Technology and Mathematics Network (SETNET), the Imagineering Foundation and N-Genearing West Midlands to develop information and materials for teachers and young people (from primary to higher education) which draws out the links between personal fulfilment, enterprise and manufacturing and demonstrates manufacturing's ability to 'make things happen'.
- Improve young people's awareness and understanding of manufacturing by including the sector in enterprise elements of the curriculum and facilitating business-school links through programmes such as the Young Enterprise and Inside Manufacturing Enterprise Education-to-Business programmes and SETNET's Science and Engineering Ambassadors.
- Transform the Millennium Point Science Museum into a future-focused catalyst for the translation of young people's ideas into action.
- Support undergraduate and graduates schemes such as Year In Industry, Knowledge Transfer Partnerships and the region's Graduate Advantage programme.

2. PROVIDING A HIGH-QUALITY INFRASTRUCTURE WHICH MEETS THE NEEDS OF MANUFACTURING

The future of Birmingham's manufacturing sector is reliant on the City being able to offer sites that attract new investment and meet the needs of existing manufacturing firms. In recent years there have been cases where firms have relocated from Birmingham because the City has not been able to meet their land or premises needs. The City Council and its strategic partners need to improve their understanding of the sector's land and premises and business support requirements. This will lead to more effective capture and retention of inward investment. Given the sector's increasing diversity and its high proportions of small and medium-sized businesses (SMEs), there is also a need to strengthen the understanding of the sector's transport infrastructure requirements, particularly in terms of freight; the accessibility of key sites; and how modernisation might impact on movement patterns in the City and wider city-region.

Key priorities for action include to:

2.1 Ensure a supply of employment land and premises appropriate for the sector's needs

- Map the sector's current and future land and premises requirements through improved dialogue with local businesses and potential investors.
- Identify common trends in manufacturing land requirements and seek to address any mismatches between the supply and demand of land within the City.
- Protect existing industrial land from competing uses such as housing and retail where appropriate.
- Ensure key development sites provide an optimum environment for growing manufacturing businesses, including reliable transport links, community safety, parking facilities and readily accessible business services.

2.2 Promote key development sites within the City to potential investors

- Proactively bring forward and market key development sites as locations of choice for new and relocating modern manufacturing businesses.
- Reinforce the high-technology use of sites which have been designated for such, particularly within the Central Technology Belt, Eastside and the wider East Birmingham & North Solihull Regeneration Zone.
- Identify and work closely with those local manufacturing businesses looking to expand or relocate, to ensure the City can meet their land and premises needs.

2.3 Provide appropriate incubation workspace

- Work with partners to develop a range of incubation and workspace offers and subsequent 'grow-on' support aimed at new manufacturing enterprises, particularly targeting technology-based manufacturing and graduate start-ups.
- Invest in tailored incubation support resources, responsive to the needs of new businesses and incentivised on the basis of their success rather than the



take-up of public service offerings.

- Further develop the concept of a 'manufacturing village', designed to encourage collaboration, shared investment and knowledge development, whilst acting as a focus for specific sub-sectors.

3. INCREASING ENTREPRENEURSHIP AND INNOVATION IN MANUFACTURING

Facing global competition, local manufacturers will be less able to compete on the basis of volume production and will increasingly need to add value to their products through knowledge, technology, design and creativity. To 'future-proof' their business many companies will need to develop and commercialise new products and processes; to adapt skills and processes for new uses and more efficient production; and to investigate new geographical markets for exports. In considering more efficient means of production, some businesses may also choose to explore the out-sourcing of low skilled, labour-intensive production activities where this offers a viable means of securing their own long-term future. Small businesses often find it difficult to access business support due to the complex and often fragmented range of provision available. It is critical that providers avoid further complicating the market and ensure that businesses can readily access the support they need.

Key priorities for action include to:

3.1 Encourage greater use of innovation, technology and investment in R&D

- Support manufacturing businesses to identify how they can innovate and diversify to remain competitive and to identify the means to fully exploit these opportunities.
- Encourage businesses to invest in technology and R&D to develop new high added-value products and processes, building on the lessons learnt from local schemes such as the Technology Transfer Fund.
- Work with business support and local venture capital providers to better understand and tackle access to finance issues.
- Help local businesses to benefit from the opportunities of sustainable development, linking to the National Industrial Symbiosis Programme (NISP) and Business Resources

and Waste Programme to encourage more efficient resource use and the development and use of environmental technologies

- Develop new models for public private sector investment in innovation (from R&D to skills) that allow for shared risk and shared reward.

3.2 Strengthen opportunities for university-business collaboration

- Encourage greater collaboration between local universities and manufacturing businesses for both research activities and business management expertise, particularly through facilities in the Central Technology Belt.
- Work closely with local universities and business support providers to help graduates and university staff commercialise research through 'spin-outs' and licensing.
- Ensure local businesses understand how short and long-term collaboration with universities can support their growth and how they can better articulate their R&D needs to local research institutions.

3.3 Better understand and exploit export and out-sourcing opportunities

- Support the City's manufacturing businesses in exploring the potential of new geographical markets.
- Ensure local manufacturing businesses fully understand the opportunities and challenges of out-sourcing.
- Guide businesses towards the out-sourcing 'toolkit' and good practice examples being developed regionally, particularly in relation to intellectual property rights.
- Adapt public sector procurement so that barriers to local supply are overcome and local manufacturers can compete on a level playing field with competitors from outside the City.

4. DEVELOPING A HIGHLY-SKILLED AND ADAPTABLE MANUFACTURING WORKFORCE

To move towards more knowledge and technology-based activities, the City's manufacturing sector must have access to a sufficient supply of skilled labour. Employees increasingly need higher technical skills, with qualifications of Level 3 and above and strong generic skills such as customer-handling, team-working and communications. The 2001 Census showed that a third of Birmingham residents employed in manufacturing had no known qualification. Furthermore, almost 70% of the region's graduates choosing to work in manufacturing currently leave the region to find work. Many companies will need to up-skill their existing workforce, including management, to meet changing job requirements. Given the high proportion of older workers within the sector, the transfer of skills and expertise to new entrants to replace those retiring will be critical. The sector must also seek to minimise the loss of skills through major redundancies.

Currently the City's manufacturing employers are less likely than those in other sectors to undertake training provision. It will take a significant commitment from employers to address

the sector's workforce development issues, building on existing work by the LSC, local business support providers, the City's Centres of Vocational Excellence and the Sector Skills Agreement developed by the Science, Engineering, Manufacturing Technologies Alliance (SEMTA).

Key priorities for action include to:

4.1 Ensure the City's skills base meets the needs of manufacturing employers

- Identify the sector's current and predicted future skills demands and potential shortages.
- Ensure local training providers become more flexible (in products, location, staff and funding) such that their training provision responds to employer needs and is accessible for small businesses.
- Encourage opportunities for work-based training and experience for young people and graduates, including apprenticeships, building on the existing work of employer networks such as the Engineering Employers' Federation (EEF).
- Encourage the transfer of skills from older workers to new entrants through work-based methods such as mentoring.
- Promote Adult Apprenticeships to ensure the skills of the sector's mature workforce are continually upgraded.
- Invest in redundancy response programmes to ensure skilled manufacturing workers can transfer and upgrade their skills within the sector, building on the lessons of programmes such as the Midlands Engineering Industry Redeployment Group (MEIRG).
- Increase the proportion of graduates choosing to work in manufacturing who remain in the city-region, by ensuring there are high-quality jobs and environments in which they wish to work and live.
- Develop a more integrated approach to public sector support for skills development and employment support for the manufacturing sector.

4.2 Encourage more manufacturing businesses to develop their workforce

- Support local manufacturing firms to invest in workforce training in order to develop technical and generic skills, including through the Business Improvement Techniques





National Vocational Qualifications and career progression.

- Demonstrate to employers the strong link between investment in skills and improved productivity, profitability and workforce retention.
- Help the current workforce to understand how their skills are transferable to modern manufacturing.
- Develop greater alignment between business support and skills support to ensure clients are presented with a complementary and reinforcing package of assistance.

4.3 Develop management and leadership skills within Birmingham's manufacturing businesses

- Building on the lessons from the RSP's pilot leadership and management development programme, work with businesses to develop the leadership and management skills they need to help them compete and grow.
- Disseminate information and good practice from management tools such as lean manufacturing and supply-chain management, which support increased competitiveness and productivity, in particular through business-to-business learning such as that supported by Inside Manufacturing Enterprise.
- Create a continual programme of high-profile, motivating visits for manufacturing sector leaders, giving them exposure to global markets and global competitors and generating ideas and inspiration which will be translated into improved productivity in their businesses.

5. SUPPORTING COLLABORATION WITH AND ACROSS THE MANUFACTURING SECTOR

Birmingham's manufacturing sector is largely made up of SMEs, that can often be discouraged from valuable R&D or workforce development opportunities due to the cost and time they require. Frequently these businesses also have little influence over the public sector interventions which are targeting them. Improved collaboration between Birmingham's manufacturers would support better articulation of the sector's needs to public agencies and help ensure informed 'sign-posting' of business services. It would also allow more effective sharing of good practice and could offer better economies of scale for businesses choosing to collaborate in innovation and training or to access large-scale procurement opportunities.

Manufacturing accounts for around a third of all goods and services procured nationally by the public sector. With Birmingham City Council alone spending some £800 million on goods and services each year, public procurement is clearly a large potential market for the City's manufacturers. Large-scale public investment, such as the City Council's Decent Homes and affordable warmth programmes, are examples of the considerable opportunities for local suppliers. The energy efficiency demonstration projects developed by these programmes provide opportunities for growing Birmingham's environmental technologies sub-sector and support the City's regeneration objectives by creating employment and business opportunities.

Key priorities for action include to:

5.1 Encourage local procurement

- Encourage our partners, including public sector agencies, higher education institutions, Registered Social Landlords and local businesses, to adopt procurement practices that benefit the local manufacturing sector whilst achieving value for money.
- Build on the City Council's Procurement Strategy and the West Midlands Procurement Portal to provide local manufacturing businesses with clear information and guidance on public sector procurement opportunities and procedures.
- Encourage a 'local to local' approach within the City's manufacturing sector.

5.2 Establish an effective dialogue between the sector and public sector agencies

- Establish a 'Manufacturing Forum' with local manufacturing businesses, trade bodies and stakeholders to develop a stronger understanding of local manufacturing and its needs.
- Use the Forum to create an investment plan for the sector, reflecting long-term investment commitments from local businesses, to which public sector investment can add value.
- Improve coordination and sign-posting of investment-related information and support services offered to manufacturing businesses.
- Ensure the sector has greater influence over the design of public sector interventions targeting manufacturing.

5.3 Develop strong networks within the manufacturing sector

- Build on initiatives such as the regional cluster programme, to develop effective business networks within the manufacturing sector, whilst advising and supporting businesses on how to make the most of networking opportunities.
- Use public sector procurement to encourage greater collaboration within the sector.
- Support manufacturing business networks in accessing and sharing good practice and sector knowledge and, where appropriate, in pursuing joint R&D activities.

6. ENCOURAGING A MORE DIVERSE MANUFACTURING WORKFORCE

There are significant disparities in Birmingham's manufacturing workforce. Only around 9% of the City's female employment is in manufacturing and people from ethnic minority groups comprise only 4% of the City's manufacturing workforce. As well as the need to better understand and overcome the barriers faced by such groups in accessing manufacturing employment, there is a strong business case for promoting greater ethnic and gender diversity within the sector. Birmingham is predicted to become the UK's first 'ethnic majority' city by 2020, and ethnic minority groups will make up an increasing share of the City's future working age population. Furthermore a more diverse workforce could help the sector in developing products for more diverse global markets. It is critical that businesses' recruitment practices support diversity if they are to make full use of the City's future labour supply and the significant potential which these groups offer to the sector.

Key priorities for action include to:

6.1 Increase the sector's employment of people from minority groups

- Work with local manufacturers to tackle workplace discrimination of all kinds and to reduce current disparities within the sector's workforce, building on the good practice of schemes such as DiverCity.
- Promote the sector's employment opportunities to under-represented groups, working in particular with the City's young people through groups such as the African-Caribbean Network for Science and Technology.
- Fully exploit Birmingham's strength as a diverse city by identifying cultural links which can be utilised to generate new business and manufacturing opportunities and providing focused support to turn those links into trading activity.
- Encourage local manufacturing employers to become more involved in supporting the well-being of the communities in which they are located.



6.2 Increase the number of businesses owned by people from minority groups

- Work with business support providers to increase manufacturing business formation rates within under-represented groups.
- Ensure the design and delivery of manufacturing-related business services are appropriate and accessible for under-represented groups.

Implementing the Strategy

This document sets out headline priorities and actions for securing the future of Birmingham's manufacturing sector. A broad range of local partners and partnerships will have a role in delivering this strategy. In particular the core economic partners of the Birmingham Strategic Partnership (Birmingham City Council, the Birmingham Chamber of Commerce and Industry and the Birmingham & Solihull Learning and Skills Council) will play a lead role in taking actions forward. Their influence over other partners within the City will be particularly important, as there is a role for organisations from the public, private and third sectors in delivering the strategy.

However, it should be recognised that Birmingham's manufacturing sector does not recognise administrative boundaries. In recent years it is clear that where public sector intervention has been most effective, it has been implemented across administrative boundaries, following supply chains and clusters that stretch across the West Midlands. The emerging city-region concept, which recognises that Birmingham, Solihull, the Black Country and Coventry are economically inter-dependent, has particular application in a manufacturing context. The manufacturing sector needs clear prioritisation at the city-region level, with focused priorities, clear allocation of resource and work to integrate the provision of public support.

Over the coming months the City Council will work closely with partners and stakeholders within the manufacturing sector to develop an action plan to take forward the priorities set out in this strategy and to identify resources to support these activities. It is however anticipated that the majority of priorities will be delivered through improved ways of working within and between organisations, using existing resources.

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