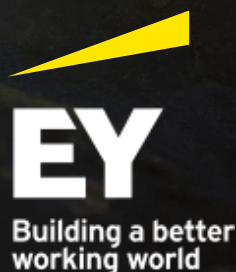


# Western Gateway

Investment Flows and the Productivity Gap

July 2024



Western Gateway Porth y Gorllewin

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# Foreword from Western Gateway chair

As the new Chair of the Western Gateway, I am thrilled to join the organisation at such a pivotal moment as we advance our efforts to gain the recognition our pan region deserves.

This report, delivered from the wealth of expertise in EY, contributes to an ever-expanding evidence base that highlights our area's richness in innovation and entrepreneurial spirit, which is not yet being recognised to its fullest potential.

Our region boasts exceptional strength in innovation across various sectors, supported by a dedicated and cohesive ecosystem. The Partnership takes great pride in being part of this vibrant community. However, there is a prevailing sentiment among our thought leaders that we are not receiving the recognition or funding necessary to reach our full potential. This report validates and quantifies our investment gap, identifies the obstacles, and provides a clear strategy for channelling the necessary investment. It offers a collaborative investment proposition and a well-aligned investment narrative.

The evidence is compelling: the Western Gateway economy has immense potential. With our strong performance in high-growth sectors and our focus on providing solutions, we are poised to be a central hub for the future economy.

I extend my heartfelt thanks to Ernst & Young for producing this report and to the many stakeholders across our region who contributed to it. Your unwavering confidence in our community is truly inspiring. We look forward to collaborating with you as we move this project forward.



**Sarah Williams Gardener**

Chair of Western Gateway



## Foreword from EY

*EY are delighted to have collaborated with the Western Gateway partnership on this Investment Flows and Productivity Gap report. Our work provides a clear exposition of a region with internationally recognised firms and capabilities underpinned by a quality skills base desired by investors but one that is yet to secure the investment presence and volumes warranted by such an extensive human, intellectual, and physical capital base.*

*Closing the Western Gateway region's investment gap matters to UKPLC at a time when economic growth is so central to our nation's ambitions, and its matters to those local communities, businesses and investors in the region that can benefit and prosper from the innovation, output and international opportunities finance can unlock. It matters to EY too, as a professional services firm with a large employment footprint centred around our office hubs in Bristol and Cardiff, we know the impact high-quality, active and engaged investors spanning public and private boundaries can have on our diverse client base here in the region.*

*This scale of opportunity is significant and will require the commitment, collaboration and curiosity of Western Gateway partnership, its stakeholders and the wider finance and investment community to own and collectively take forward recommendations. We look forward to playing our role in next steps and the continuing partnership with Western Gateway on this vital investment agenda.*



**Marcus Richards**

EY Partner

Corporate Finance

# Introduction

## Purpose and objectives of this report:

A place of stunning beauty, deep history, and vibrant culture the Western Gateway region runs from St David's to Swindon and from Tewkesbury to Salisbury. Containing 4.8 million people across two countries with a combined economy of £129bn it is a substantial, dynamic, and diverse area.

The Western Gateway partnership is a unique pan-regional partnership spanning two Governments, 28 local authorities, 1 combined authority, and 2 corporate joint committees. Self-formed in 2016, then extended and recognised by Government in 2019, it brings together the best of the region for the benefit of its people and the wider UK.

This document sets out vital research commissioned by Western Gateway Partnership, undertaken by EY and building on the Independent Economic Update conducted by Oxford Economics, to understand the investment landscape of the region, if any gaps exist which are inhibiting growth and if so, what could be done about them.

# Executive Summary

The Western Gateway region represents one of the most significant economic footprints in the UK, both in terms of scale and the strategic importance of economic activity that takes place within it. The region boasts considerable strengths, including the presence of multinational firms, high-growth businesses, and world-class research institutions. However, the area lags behind the UK average in productivity and suffers from a lack of investment flow into the region. Analysis has suggested that improving the region's productivity performance could add £34bn to the UK economy by 2030, if half the current productivity gap to the UK average is bridged, and the Western Gateway partnership has set itself a strategic ambition to identify mechanisms to close this gap.

## Findings

We have identified Strategic, Structural, and Perception issues in boosting the investment flows into and around the Western Gateway region.

Strategic issues encompass the overarching strategic economic narrative and the region's broader investment offerings which equate to a lack of cohesion and clarity in the message the region gives to the UK and world about its offerings and the way in which it operates.

The Structural issues category highlights the challenges Western Gateway as a region faces from an investment capacity and overall offering perspective. The research is clear: despite the vast opportunity presented by the Region, it is failing to attract the investment it needs and deserves with between £3 and £9m **more** under-investment per business than in the South-East.

Perception issues underscore how Western Gateway is viewed as an investment region and highlights the disconnect between investors and businesses when collaborating on investment opportunities. With a huge density of businesses and multiple vehicles to engage with investors struggle to see the region in total and individual areas struggle to appear at a scale sufficient to attract serious and continued investment.



# Proposed Recommendations

The identified recommendations align to four proposed key pillars; these seek to establish a structured approach to Western Gateway partnership's intervention and approach to improving the region's investment flow. The proposed structure is as follows:

1

## Strategy

an overarching economic narrative supported by an ecosystem of focused strategies and plans aligned to the region's ambition and objectives.

2

## Investment Framework

the structures, protocols, mechanisms, and associated infrastructure which enable investment activity within the region.

3

## Promotion and Engagement

the effective elevation and communication of the region's aspirations and opportunities, supported with specific and targeted engagement with sectors, groups or organisations.

4

## Collaboration and Facilitation

the role of partnership, collaboration and supporting mechanisms for facilitating investment activity.

# 1

## The Scale of Opportunity



# Western Gateway: A Vibrant, Investible Region with High Growth Potential and Strategic Sector Priorities

The Western Gateway region is a vibrant and investible location. One of the leading regions in the UK (comparable to the Oxford to Cambridge area) for innovative and knowledge-led economic activity, it benefits from bustling cities, respected universities, and a very highly qualified workforce. Paired with lower costs to live and conduct business: wages, housing, and commercial land (compared to other innovation-led regions), it has all the ingredients necessary to be attractive to investors.

At £129bn and 2.5m employees, the economic footprint of the Western Gateway region places it as one of the most important areas in the UK by output. However, this productivity and output is concentrated in urban hotspots and particular sectoral concentrations inhibiting growth. It is assumed that halving the productivity gap in the region would generate £34bn for the UK economy, and the Western Gateway partnership has set itself a strategic ambition to identify mechanisms to do so.

In the coming years, households in the region are expected to be some of the highest spending in the UK and employment growth is set to be strong. Taken alongside the number of business births and concentration of innovative business - the Western Gateway region ought to attract a larger proportion of investment, and there is an unmet demand for equity investment from businesses in the region.

This variability has the potential of inhibiting the growth of the regions priority sectors. These sectors are considered strategic priorities for the Western Gateway region, based upon existing sectoral strengths, as set out below, and the impact of investment flow issues are considered against these sectors through the analysis undertaken.

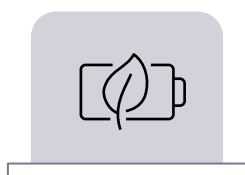
## Western Gateway Priority Sectors



**Advanced  
technology**



**Cyber &  
technology**



**Green  
energy**



**Fintech**



**Creative &  
digital**

### Advanced manufacturing

Home to companies with a 55.5% global share in manufacturing vital compound semi-conductors and 14 out of 15 of the biggest Aerospace companies.

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### Cyber and technology

Western Gateway has the UK's most specialised cyber economy and the largest and most developed cyber cluster in Europe.

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### Green energy

The Western Gateway region has an abundance of natural assets in solar, tidal, marine, and wind.

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### Fintech

2 out of 10 of the UK's fintech clusters are based in Western Gateway.

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### Creative and digital

Western Gateway is in the top ten for creative and high-tech UK clusters.

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The Western Gateway region is a hugely significant component of the UK's economy. It is a dynamic and self-starting economy with strong heritage and world-renowned hubs and clusters. Expected to have the fastest growth rate outside of London with a forecast of growth of 1.4% per annum between 2024 and 2029, it is well placed to grow a future UK economy. Benefitting the region and the wider UK.

Three themes of opportunity exist for the region stemming from unlocking investment flows; firstly, scaling of local businesses and the economic benefits this brings, secondly, strengthening the diversity of investment providers and presence, and finally closing the regional productivity gap.

# 2

## Investment Gap Analysis



## Investment Gaps Inhibit Western Gateway's Growth: Demand-Supply Disparities and Opportunities for Enhanced Finance Access

The gap in investment identified by this analysis is an inhibitor to prosperity. Whilst the investment landscape across the Western Gateway region is variable (for example FDI into some locations and sectors is strong) it performs poorly to comparators on other key measures. Performance on metrics such as Gross Fixed Capital Formation (GFCF) is highly varied; demonstrating how both supply and demand factors are influencing investment performance.

Intermittent investment flows play an attributable role in the peaks and troughs the Western Gateway region experiences in wage growth - a metric the region has consistently performed lower on compared to other regions. In pairing the strong registered business results against high growth figures, it is clear there is an opportunity to be bridged in the region. This is despite it offering exceptional knowledge economy assets, a highly qualified workforce, and an environment with low operating costs.

The gap in investment can be considered both from the perspective of the demand for investment along with the supply of investment.



## Demand factors

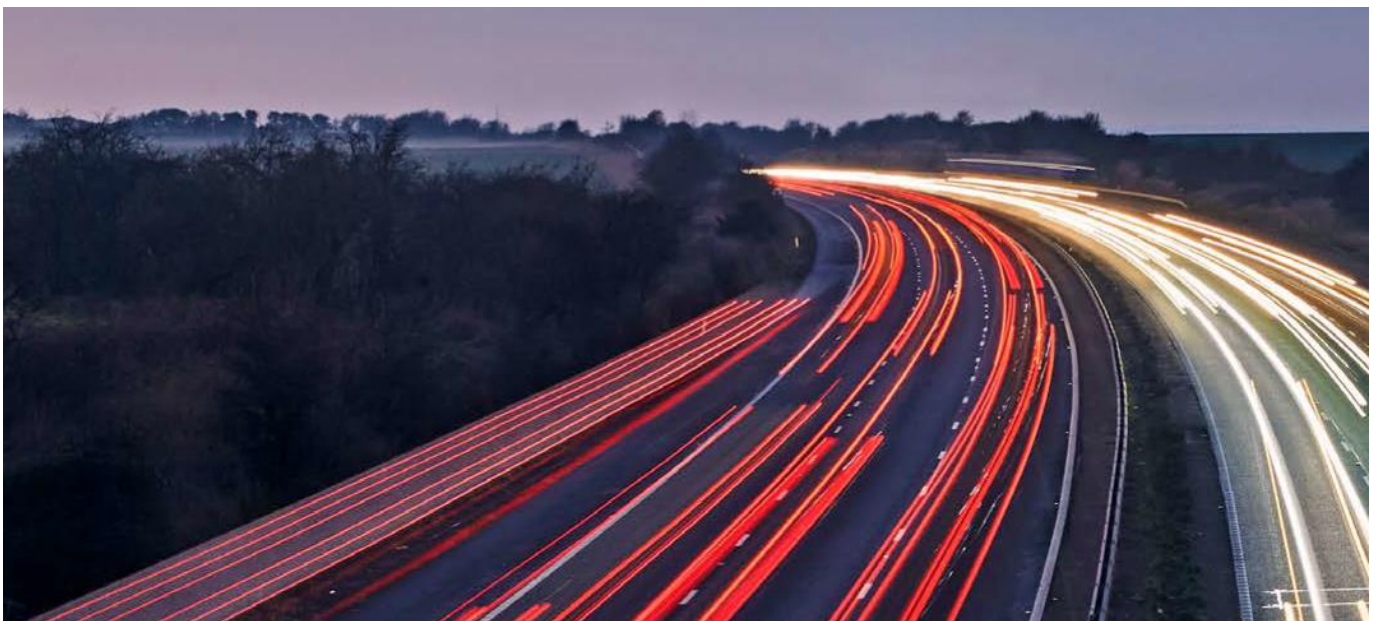


Businesses across Western Gateway must be bold in the promotion of their products and capabilities, understand investors goals and set out clear expectations of finance providers. At a regional level this must aggregate into high quality investment opportunities that span a diverse range of sectors, business maturities and investment types to entice investor demand and presence.

Western Gateway businesses are demanding finance, and offer a broad concentration of investment opportunities, sectoral representation, and business types. However, unmet demand for equity investment per £m secured is £19m South-West, and £13m in Wales, compared to £10m in London. This means each business suffers between £3m and £9m of under-investment.

Businesses operating in the region have a broad spectrum of finance requirements and do not view finance as the sole blocker to growth; however, efforts are needed to communicate needs to investors. South-West and Wales are 6th and 9th respectively on representation of PE and VC backed enterprises.

Whilst a strong and well evidenced innovation ecosystem exists in the region, businesses raise lower investment volumes than comparable regions across a range of product types. Spinouts within the regions secure an average £1.4m compared to £1.9m in comparable clusters.



## Supply factors



Finance providers must in aggregate offer a broad value and type of finance products, ensuring these can be accessed rapidly and matched to the needs of the region.

Overall, analysis indicates that the Western Gateway region struggles to attract sufficient inward investment to support a diverse range of businesses. In terms of total inward foreign direct investment (FDI) in the UK, Western Gateway accounts for 5.3%, whereas the Northwest holds a 6.1% share, and London dominates with almost half of the total.

Trends also suggested a declining uptake in some forms of finance; in 2022-2023, businesses in Wales obtained 318 start-up loans, representing a 20% decrease compared to the previous year.

Supply of finance also varies according to type. Research highlighted that start-up funding was much easier to access than scale up funding. The "golden triangle" comprised of London, Cambridge, and Oxford is where most UK venture capitalists (VCs) and Business Angel investors are located, and where they typically focus their investments. Only 1% of venture capital firms currently have their headquarters within the Western Gateway region.

Investors have a wide range of finance criteria for investment, and many available financing options align with the business needs of the region. Wales accounts for just 2% of the UK's VC-backed enterprises, ranking it 9th out of 12 regions, while the South-West region holds a 5% share.

Research suggests that there are no significant disparities compared to other regions in terms of the flexibility of financing options, as providers offer practical repayment terms, security or collateral requirements, and favourable conditions. Alternative finance channels have become increasingly important as a flexible funding option.



An aerial photograph of a large industrial complex, likely a shipyard or manufacturing plant, situated along a body of water. The facility features several large, white-roofed buildings and numerous cranes. In the foreground, there are extensive parking lots filled with cars. The background shows a wide expanse of water and distant hills under a cloudy sky.

3

# Identified Blockers

## Identified Investment Blockers: Strategic, Perception, and Structural Challenges in Western Gateway

Engagement with Western Gateway's businesses, investors, and policymakers, underpinned by analysis and research, has identified several blockers that may contribute to the inhibition of investment flows across the region. They range in scope from those shared nationally and are reflective of the broader fiscal environment, through to issues that appear unique to the Western Gateway geography. Left unmitigated these pose risk to the value and volume of investment in the region and will continue to reinforce gaps identified earlier in the report; equally, effective mitigation will act as enabling components for a dynamic and attractive investment strategy.

### Strategic Blockers



Compared to both other regions and the ambition of the Western Gateway region, the strategic economic narrative that underpins key investment activity in the region is in an early stage of maturity. This can play an integral role in aligning the region's key economic and sector strengths to the strategic drivers for the region's future growth and prosperity. It is recognised that work is underway to develop this narrative further. This dilutes the degree to which investors will see the Western Gateway area as an ambitious and attractive destination for investment, with a limited means of reconciling individual investment requirements to a broader strategic economic trajectory.

#### **A clear Western Gateway regional identity**

The Western Gateway region has not yet formally defined its full investment offer with respect to the protocols it has to match investment need to investment supply, and the various offers and attributes it has to support this process. This will appear undefined and to some degree confusing to both investors and businesses seeking investment, resulting in information asymmetry and inefficient investment transactions. This hinders the perception of both clear and consistent demand as well as the effective supply of investment.

#### **Supportive oversight for the region's investment ecosystem**

The region has a limited means of assessing and providing oversight as to where issues exist within the investment ecosystem. This results in reactive rather than proactive interventions or in some cases, issues not being identified at all. This results in minimal interventions being deployed to mitigate or overcome investment related issues in the region, and risks issues becoming endemic over time. This hinders the effective alignment of investment demand to supply.

#### **A Foreign Direct Investment strategy**

Western Gateway does not currently have a Foreign Direct Investment strategy or dedicated capability for enhancing the quantum of this key source of finance. This limits the region's



ability to effectively communicate its FDI targets, define the region's sectors and capabilities that would be attractive to foreign investors, and build out plans and activities to engage with particular sources and origins of inward investment. Without a clear strategy and capability, Western Gateway will struggle to build meaningful and long-lasting investment relationships outside of the UK, limiting their partner's access to global finance.

### **Documenting and promoting investment offers**

Investments now need to utilise more sophisticated means of appraising potential benefits and value, beyond more traditional means of appraisal. This issue limits investment supply due to investors seeking more sophisticated means of assessing economic value. For example, a reliance on appraising value through the lens of job creation will dilute the perceived benefit of productivity focused investments.

### **Identifying and engaging a wider network of investor targets**

High net worth and angel investors target investment in businesses they can frequently visit to mentor and monitor. London and parts of the South-East have a high concentration as well as good visibility of these individuals, and therefore see higher investment flows. There is evidence that suggests that investment flows do not expand beyond local boundaries, and with a lower concentration of these individuals living in the Western Gateway region this is a risk to investment quantum.

### **Targeted solutions on cost of capital**

A higher cost of capital is impacting both investment demand, with businesses more cautious, and leading to providers of finance and credit tightening investment criteria. This is particularly acute in relation to larger investments (£25m+) that require more rigorous viability and analysis, potentially delaying investment decisions. Cost of capital is a fundamental investment criterion, where high and large-scale investment paused, this has knock on economic impacts for the large supply chain in parallel.

### **Adopting a broad investment presence**

Investment promotion capacity across the region focussed on identifying, facilitating, and brokering inward and expansionary investment in the region is low. Whilst pockets such as Invest in Bristol and Bath, or Invest Cardiff operate localised agencies, low region wide presence leads to reduced capacity to broker with business and Government. Large scale investors look to understand wider geographical footprints, to make location decisions, arrange subsidies and support and without scaled presence and capacity, in a competitive landscape there is a risk investment is lost to other regions or Investment Promotion Agencies.

### **Business Investment Readiness**

Business have also identified an acute need for support to ensure the packaging of their propositions are investment ready, and to help them better enhance their knowledge and understanding of the investment landscape.



The region tracks behind other areas with respect to how it articulates and promotes investment success stories from the region. This hinders investment demand due to aspiring businesses in the region not benefitting from the positive influence that such success stories can breed. It also significantly hinders investment supply, with investors taking confidence from successful examples of investment that can support benchmarking and appraisal of investment asks.

### **A Clear Innovation Narrative**

Innovation, research, and development capabilities are well developed in the region however these are not always well articulated or packaged to investors. A clear narrative for investing in innovation, linked to specific IP, research or development targets and demonstrating linkages to research and education institutions opens new investment sources. Private investors looking for high, growth rapid returns such as venture capital look to innovation to underpin their investment cases. Public funds dedicated to seeding innovation are increasingly linked to R&D targets, both offer key routes to investment.

### **Promoting our Talent**

There is a perception that the key avenues for economic growth and the specific sectors which underpin that do not have a sufficient pipeline of skills to meet the scale of economic ambition in the region. The local strength of human capital in the region and how that can provide confidence over the short and long-term is fundamental; understanding the capacity and capability of the current skills base and how this interfaces with existing and future skills needs will be closely appraised by investors.

### **A Community Focus**

The perceived portfolios of businesses seeking investment in the region may not align to the ESG and social impact expectations of investors. Investors now seek and demand additional forms of value from their investments beyond just financial return. This includes the degree to which they can demonstrate their investment contributes to social value as well as meets their ESG requirements. This will reduce demand in the Western Gateway region compared to other regions that offer a more fertile environment for investments to achieve such impact and benefit



# 4

## Recommendations



## Proposed Strategic Pillars and Recommendations to Bridge Investment Gaps in Western Gateway

The assessment and analysis undertaken as part of this report has identified a series of blockers that are likely contributing towards the gap between investment demand and supply across the Western Gateway region. These blockers range between being particularly acute within the region, versus being inherent across the UK economy as a whole. They also vary with the degree to which Western Gateway can either directly, or indirectly, influence them. A series of recommendations and interventions are proposed which seek to mitigate the identified issues, aiming to positively influence and support the flow of investment finance across the region.

The identified recommendations from EY align to four proposed key pillars; these seek to establish a structured approach to Western Gateway's intervention and approach to improving the region's investment flow. The proposed structure is as follows:

- ▶ **Strategy** - an overarching economic narrative supported by an ecosystem of focused strategies and plans aligned to the region's ambition and objectives.
- ▶ **Investment Framework** - the structures, protocols, mechanisms, and associated infrastructure which enable investment activity within the region.
- ▶ **Promotion and Engagement** - the effective elevation and communication of the region's aspirations and opportunities, supported with specific and targeted engagement with sectors, groups or organisations.
- ▶ **Collaboration and Facilitation** - the role of partnership, collaboration and supporting mechanisms for facilitating investment activity.

In recognition of the strategic importance of investment flow across the region and the direct and periphery implications it has, at the core of the recommendations is the establishment of an Investment Oversight and Advisory Board (IOAB). This seeks to provide oversight and advice in relation to the specific recommendations proposed, along with providing a constant forum for leadership and oversight of the region's investment journey going forward.





In a world of scarce capital and fierce competition for investment, effective regional investment flow will rarely occur without a decisive overarching economic narrative supported by an ecosystem of focused strategies and plans aligned to the region's economic ambition and objectives. Western Gateway partnership can and should play the leading role in forging this within the region and managing the narrative associated with it.

- ▶ Defining a bold and coherent strategic economic narrative - whilst it is recognised that Western Gateway partnership is constructively adding to the strategic narrative in the region, it is recommended that an overarching strategic economic vision is established. The absence of this contributes to a lack of identity for the region and impacts the coherence and important interplay of other strategies that have been developed.
- ▶ Design and implementation of a compelling Foreign Direct Investment Strategy - The Western Gateway partnership should seek to establish a focused FDI strategy, acting as an important enabler to the strategic economic narrative set out above. This should also set out Western Gateway's role in attracting, facilitating and securing FDI, along with role of key parties, including regional partners and central government.





The systems and protocols involved in facilitating investment are complex and often opaque and undefined. Understanding these components, determining their dependencies, strengths and weaknesses are vital to all stakeholders, including bodies like Western Gateway partnership with an overarching strategic remit along with parties on both sides of investment transactions.

- ▶ Development of a clear, specific investment facilitation framework - Western Gateway partnership will need to build on the ecosystem assessment completed as part of this report, seeking to identify and build on existing processes and structures. This would act as an important tool in identifying the role the partnership can play in this process, as well as allowing for a clearer mechanism to identify and mitigate any gaps in that framework, signposting and supporting interested parties through the investment process.
- ▶ Investor Brokerage Forums - The Western Gateway partnership should seek to establish forums that seek to better connect businesses with aspirations to grow and secure investment with potential investors. Such forums can range between formal platforms to connect investment requirements with sources of investment, through to more informal forums that would begin to foster relationships between business clusters and investors in the region.
- ▶ Investor Concierge Service - The investment landscape is complex and varied across different regions; mechanisms that can seek to navigate this complexity can create a competitive advantage for a region, with investors identifying that as a positive attribute that enhances the likelihood of effective investment. As such, the Western Gateway partnership can play a valuable role in acting as an investor concierge for any potential inbound, strategic, investor. Such arrangements can be composed of a number of services, including:
  - ▶ Offering briefings on regional growth and opportunities
  - ▶ Assisting with business requirements including economic analysis and skills data
  - ▶ Introducing local partners for supply chain identification and research collaborations
  - ▶ Providing advice on accessing grants and other financial incentives
  - ▶ Identifying suitable options of available office and industrial spaces
  - ▶ Coordinating with key government agencies and regulatory bodies
  - ▶ Facilitating access to workforce skills development and training
  - ▶ Account managers for high value investors



The Western Gateway region has much to proudly promote nationally and internationally; it hosts the United Kingdom's largest sector clusters such as aerospace and maritime, provides strong land availability and business networks, and is a place employees find inclusive, affordable, and culturally strong. The region can do much to cement a clear investment narrative and further promote investment strengths and opportunities to the benefit of businesses and investors alike.

- ▶ 'Why Western Gateway' narrative - Shaping a clear 'Why Western Gateway' investment narrative will provide a compelling, coherent, and consistent messages for use by policymakers and businesses when advocating for investment. These form the foundation of the investment story for the region, reinforced through all channels these should detail regional strengths ranging from innovation to business networks, and how these integrate into the sectoral targets, investment opportunities and growth trajectory the region wants to secure.
- ▶ Agree Investment Gateway and Signposting Model with Regional Investment Promotion Agencies - Collaborating with the regions Investment Promotion Agencies (IPA), the Western Gateway partnership must determine whether a digital gateway is required to collate and promote the regions investment opportunities, or whether existing IPA's platforms meet this key requirement. If IPA's can evidence a strong digital platform and presence, work should be undertaken to evaluate how the partnership can maximise its pan-regional role to amplify the opportunities captured through their interactions with investors, businesses, policymakers, and major events.
- ▶ The promotion of success stories - Case studies form critical evidence for the market, the Western Gateway partnership must have ready access to the market intelligence to identify landmark investments and play a core role in consistent promotion of these regionally, nationally, and internationally. It requires effective coordination between business, IPA's and the partnership operating greater than the sum of their parts to amplify the stories and ensure promotion aligns with sectoral targets and momentum.



## Collaboration and Facilitation



Fostering a collaborative environment for businesses and investors has the potential to significantly influence investment flows. It remains vitally important that there are multiple interfaces, channels and engagement points available for investors to meet and identify businesses, and reciprocally that businesses can communicate their needs rapidly and efficiently, so their growth is uninhibited.

- ▶ The implementation of a framework to enhance strategic investments by articulating their non-traditional impacts - Investors are looking at an ever-broadening set of metrics as they chose to invest; in addition to traditional return measures investors are seeking deeper assurances on environmental, sustainability and governance (ESG) metrics, the extent to which impacts such as social mobility, or distributive impacts may be secured. It is proposed a framework is developed that encapsulates all these measures that can be quickly utilised and deployed by investors to tangibly illustrate impacts, by businesses seeking investment and by impact investing funds.
- ▶ Undertake an investor-focussed skills gap analysis of the Western Gateway region - Stakeholders have identified a perception that skills shortages in key sectors are an issue for Western Gateway, a gap analysis would seek to evidence this disparity between industries and skills as perception or reality. Through surveying investors, funds, and businesses on current and future skills needs, evaluating existing workforce capabilities, and identifying interventions to meet the demands of growing industries. Crucially, integrating the observations of landmark investors and institutions on the role skills, career pathways and education providers had in their investment decision is key. This provides key insights on:
  - ▶ Investment Criteria: Investors identify the skills of the local labour market as a key aspect of their investment rationale. Evidenced should be sectoral, for example Western Gateway, with a large manufacturing base, should explore key trends in AMM and composite material sectors to understand required skills pipeline.
  - ▶ Competition: Identifying and addressing skills gaps can enhance the competitiveness of local businesses by ensuring they have access to a skilled workforce equipped with the latest knowledge to enhance productivity and innovation.
  - ▶ Interventions: Obtaining an up-to-date skills gap analysis, will provide clear identification of additional specific learning and skills expertise, capacity or partnerships are needed and a route to unlocking these to promote policy change gaps are identified in high value-add sectors.



An aerial photograph of a city waterfront, likely Vancouver, showing a mix of residential, commercial, and industrial buildings along the water's edge. A large, bright yellow number '5' is superimposed on the left side of the image. The sky is overcast with grey clouds.

5

# What Next? The view from the Western Gateway Partnership

# Unlocking Western Gateway's Potential: Strategic National Support for Enhanced Investment and Sustainable Growth

This report makes clear that the performance and potential of the Western Gateway Regions suffers insufficient investment relative to its significant strengths.

The series of recommendations in this report aim to overcome the factors contributing to the under-investment in the region. Through the Western Gateway Partnership, industry, local authorities, and academia are joined in a collective will to make the best of the area's unique assets for the benefit of its businesses, communities, and the wider United Kingdom.

However, while there is evidence of a self-starting and collaborative ecosystem, more could be done at national level to maximise the area's economic potential. The UK Government could support the remarkable scale of work across the region by:

Creating clearer and stronger collaborative links with Western Gateway Partnership as the international and economic strategies for the UK and its devolved economies are formed, making sure the global significance of the region is understood and demonstrated for the benefit of the region and the wider UK

01

Building on the cross-party support for the Lord Harrington Review of Foreign Direct Investment by fully implementing its recommendations, utilising Pan Regional Partnerships (PRP's) to provide the place-based insight and regional growth outlined in recommendation three.

02

Consolidating, expanding, and enhancing the business growth offerings from the Department for Business & Trade and associated departments ensuring the Western Gateway's innovation businesses are supported to start, grow and, importantly, scale rapidly

03

Working with Whitehall, the Welsh Government, Further Education providers, Mayoral Combined Authorities, and Local Authorities to ensure support for skills growth, targeted at those areas most needed for the strengths and needs of regions. Ensuring the needs of the regions are reflected directly in place-based approaches that can deliver on inclusive growth and support rapidly growing businesses

04

The region and the Western Gateway Partnership have a vital role to play in achieving their potential and to build on a vibrant area forecast for considerable growth. With focus and support, the scale of opportunity for the whole UK economy is clear.

This report forms one part of a wider economic plan. While investment is the fuel for growth, it is not the complete picture. The Western Gateway Partnership will be using this report and evidence from Oxford Economics and others, to build a complete approach to achieving a greener, fairer future for the region. Their Plan for Sustainable Growth, and underpinning economic narrative as recommended by EY in this report, will launch at the 2024 Convention for the Western Gateway.



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