



**West Midlands
Combined Authority**

Strategic Economic Development Board Meeting

Thursday 5 September 2019 at 10.00am

Notes

Members

Coventry & Warwickshire LEP
Black Country LEP
Cabinet Portfolio - Economy &
Innovation
City of Wolverhampton
Dudley MBC
Solihull MBC
Warwickshire County Council
West Midlands Combined Authority
Deputy Mayor

Jonathan Browning
Lindsey Flynn

Councillor Ian Brookfield
Councillor Harman Banger
Councillor Ian Kettle
Councillor Ian Courts
Councillor Izzi Seccombe

Councillor Bob Sleigh

Officers in Attendance

Black Country LEP
Coventry & Warwickshire LEP
City of Wolverhampton
Greater Birmingham & Solihull LEP
Solihull MBC
West Midlands Combined Authority
West Midland Combined Authority/
Birmingham City Council
West Midland Growth Company
West Midland Investment Board
Energy Capital
Amion Consultants
UGC
Transport for West Midlands

Sarah Middleton
Paula Deas
Tim Johnson
Katie Trout
Perry Wardle
Ian Martin

Tony Smith
Roger Mendonca
Mike Wright
Matthew Rhodes
Graham Russell
Philip Farrell
Craig Wakeman

**Item
No.**

14. Apologies for absence

Apologies for absence were received from Councillors George Duggins, Bob Lloyd and Ian Ward and Stuart Croft, Matthew Hammond, Tim Pile and Stewart Towe.

15. Declarations of Interest

No declarations were made.

16. Notes of the Strategic Economic Plan Board Meeting held 8th July 2019

Resolved:

That the notes of the meeting held on the 8th July 2019 be approved as an accurate record.

17. SED Board Tracker Log

Resolved:

That the SED Board Tracker Log be noted.

18. Forward Plan

Resolved:

That the Forward Plan be noted.

19. Terms of Reference

The Chair referenced the Terms of Reference report and highlighted that the Board, The Marches Local Enterprise Partnership (LEP), whilst previously holding an observer role had been added as a Member.

It was noted that the revisions had been made through the WMCA Governance team and that the correction required would be highlighted to them.

Resolved:

That the Board confirm the revised Terms of Reference, subject to the correction to the status of The Marches LEP on the Board.

Economic & Innovation Portfolio

20. Strategic Programme Business Case for the UK Central Hub

Perry Wardle, Graham Russell, Philip Farrell and Craig Wakeman gave a joint presentation on the UK Central Hub.

They advised that the UKC Hub in Solihull was one of the UK's most strategically important development areas and a major driver of regional and national economic growth. It comprised a unique collection of international assets including Birmingham Airport, the NEC, Jaguar Land Rover, Birmingham Business Park and the Arden Cross site which would be home to the new HS2 Interchange Station. However, the development was not predicated on the delivery of HS2.

Overall, the development planned at The Hub was forecast to support 70,000 new and existing jobs, accommodate up to 5,000 new homes, 400,000 m² of commercial space, and an additional £6.2bn GVA per annum (greater than the GVA of Southampton, Sunderland or Peterborough).

Economic growth on this scale could only be delivered with significant and coordinated public investment in infrastructure at an early stage. The Urban Growth Company (UGC) would use its unique position to strategically coordinate development, by delivering seven considered priorities:

1. Over Trace Roundabout - Arden Cross
2. Electricity Network Reinforcement
3. Automated People Mover Upgrade
4. Birmingham International Station Transport Interchange
5. HS2 Car Park Upgrade
6. M42 Public Transport, Pedestrian and Cycle Bridge
7. Junction Pinch Points and Car Parking Strategy

They advised that these initiatives would complement the growth plans of the constituent stakeholders to create a 'whole' which was far greater for the West Midlands, than the sum of the parts and stated that the Hub would become Europe's best-connected destination for business, leisure and living; a new and outstanding gateway to the UK.

The improved connectivity at The Hub would mean an additional 200,000 residents (mostly in the Black Country and Coventry & Warwickshire) would find themselves within a 45-minute commute by public transport. Jaguar Land Rover, Birmingham Airport and the NEC currently directly employ more than 2,000 staff from the Black Country and 3,000 from Coventry & Warwickshire, not to mention numerous businesses based at Birmingham Business Park, plus the indirect jobs that exist in the local supply chains.

They concluded that they were seeking the support and endorsement for the Board for the UK Central Hub Strategic Programme Business Case.

Councillor Ian Courts advised that Solihull MBC had been developing the UK Gateway plan for the region over the last four years and whilst it had been related to HS2, it was not dependent on the development, although no HS2 would mean only 3 or 4 of the 7 priorities being delivered. He stated that the project was vital for the West Midlands and would provide a regional gateway.

The Chair stated that the UKC had been presented at the Mayor's Business Advisory Group and acknowledged that whilst HS2 would complement the development it was not mutually dependent. The improvement, expansion and upgrade of the airport was a key aspect and he encouraged the UGC to work with the airport and stated that Birmingham Airport representatives should attend the SED Board to present on their plans, as they had done at the Business Advisory Group.

Tim Pile referenced the impact of the £40m investment if HS2 did not proceed and Perry Wardle advised that this piece of work was ongoing. Councillor Ian Courts added that the value of HS2 was for national connectivity and whilst important for the region the UKC would proceed irrespective of HS2.

The Chair commented that the HS2 review appeared to be issues around timing and scope. He felt there was a low probability of there being no HS2.

Craig Wakeman stated that the Oakervee Review was considering the benefits of HS2 and that TfWM would be putting forward a submission on behalf of the West Midlands, that he would share with the Board.

Tony Smith referenced the £398m request and stated that it would be helpful to pitch detailing the maximum economic return on the investment.

Lindsey Flynn referenced the phasing at 3 and 4 and asked if these were not dependent on HS2. Philip Farrell advised that they were already aware that HS2 was going to be delayed by two years and stated that there would be a review of the timelines for delivery. Craig Wakeman added that the delay was viewed as an opportunity and would allow a review of the phasing and timing.

Katie Trout queried the funding for the car parking, as the financial case had been linked to HS2. Phillip Farrell referenced that there were 4000 spaces for Phase 1 and 3500 for Phase 2. Originally with HS2 phase 1 would have been 7500 spaces but now would only build 4000 spaces. It was noted that further work was being undertaken on modelling.

On consideration of the road network Perry Wardle advised that Highways England were upgrading Junction 6 of M42, which linked in well with the project.

It was noted that the UGC were seeking endorsement to the business case and would go forward to the WMCA Investment Board.

Tim Pile asked if there was confidence that the funding was there and it was noted that Ian Martin would provide an update as part of his paper on the Investment Programme.

Sarah Middleton suggested that the recommendation should reference “the proposal as currently stands”, as the £398 and the £325m may not be the final figures and that the SED Board provide strategic oversight of the project. Councillor Ian Brookfield added that whilst the figures should go in the emphasis was on the strategy and principle for the project. Perry Wardle advised that the seven metropolitan authorities had agreed to the sums involved.

The Chair welcomed the suggested revision and, it was

Resolved:

- 1) That the Board support the request for the £398m Devolution Deal financial commitment proposal as currently stands subject to strategic oversight to be reaffirmed and for £325m of that to be allocated to the seven priority projects outlined in the UK Central Hub Strategic Programme Business Case; and
- 2) That representatives from Birmingham Airport be invited to a future meeting of the Board to report.

21. West Midland Innovation Board (WMIB)

Mike Wright, Chair of the WMIB, provided an overview of the Board. He stated that it had been established in May 2018 and currently comprised of membership from the 3 WM LEPS, the 6 WM universities and Innovate UK. BEIS also attended. He advised that at present there was no business representation but that this would happen as the Board evolved.

The aim was to drive innovation through the region and the third Board meeting would be held later today. He advised that there were huge innovation strengths across the region and the Board would see what assistance they could provide to organisations to deliver innovation. The focus would be on automotive, medical and digital, although he acknowledged there was a separate forum to deliver the latter.

Mike Wright stated that innovation worked cross sectoral, as an example autonomous car was not solely the automotive sector but relevant sectors would work together to produce innovative products. He stated the Board’s role was about creating networks and linkages for investment programmes, particularly with Tier 2 and 3 companies; identifying talent; considering intelligence and what was already out there; and establishing a culture of innovation in the region.

He continued that there was now a need to identify further resource as currently the team was 4 people. There was a need to establish the mechanism which would allow the Board to understand what was out there and noted that it took a long time to bring innovation through to the market.

Whilst SME’s were key to innovation, larger companies were important as they had the Research and Development resource, but would still require their supply chains.

The Chair noted that £2.96m had been provided for over the next three years, subject to the approval of the Investment Board and asked where additional support was needed. On a broader issue he stated that it would be helpful to identify 5 priorities – business/living environment; insight to identify linkages between companies who could connect and support each other; highlight areas for overall economic prosperity; and consider the WM Local Industrial Strategy and where it was mismatched with innovation, it would be useful to report back through to the Board.

Matthew Rhodes advised that he was on the WMIB and there was a need to consider locally what to do differently. He stated that nationally there was a lot of funding from BEIS and Innovate UK but regionally the thinking was very poor. He stated that the WMIB should position a strong role for innovation and have staff from BEIS and Innovate UK earmarked for the region.

Mike Wright acknowledged that the larger companies were London focussed but advised that the local BEIS team and Innovate UK did seem to want to get involved.

Tim Pile asked how the WMIB were defining the scope of the Board and in three years' time how would success be defined that is what characterized success?

Mike Wright advised that there was a need to identify culture and mechanisms in relation to scope. In regard to the second question he advised that success would be about outputs but how to articulate would need to be developed. It would not solely be about manufacturing innovation but also be process innovation that is productivity, financial services etc. The role of WMIB would be as a facilitator.

The Chair commented that the first priority should be developing network linkages and Mike Wright confirmed that they would be working on the companies that had engaged with the LIS initially.

Councillor Ian Brookfield asked, given his Cabinet Role on the CA as portfolio lead for Economy & Innovation, why he had not been invited to the meetings to date. Mike Wright advised that the WMIB was actively engaged with businesses but had none on Board as yet.

The Chair referenced the tracker log and asked that the four Boards, to include the WMIB, be added to the Forward Plan.

Resolved:

That Members note the update;

22. Local Industrial Strategy Implementation Plan

Sarah Middleton, Katie Trout and Paula Deas provided an overview of the Implementation plan.

Matthew Rhodes referenced the environment and asked if this would include energy, which was confirmed. Councillor Ian Courts commented that the LIS Implementation Plan should be strong on environmental delivery.

Resolved:

That a report be submitted to the next meeting.

23. Brexit Commission

Tony Smith advised that with the potential risk of a “No Deal” exist the Commission was now meeting every two weeks. There was a core officer Resilience Forum headed by Nick Page, Chief Executive Solihull MBC, which would meet for the first time today.

He advised that the Mayor had met with Michael Gove and the put the Commission’s propositions forward but that currently he was concerned solely with business propositions. In regard to economic mitigation, Michael Gove had advised that that these were matters for the Chancellor.

He highlighted mitigation that had been prepared to include:

- Investment communications were proactive and centred around business support to include exports;
- Shared Funding pot – MHCLG had provided additional funding for the Chambers’ of Commerce and a joint LEPs’ Growth Hub cluster programme, with C&WLEP being the region’s lead Growth Hub.

The Chair note that funds were available but asked how would it be ensured that there was a real impact and stated that it needed to be a lean process for companies and not an applications process.

Katie Trout advised that all Growth Hubs were receiving additional funding through BEIS but at present there was no detail on the quantum and criteria for how to utilise the extra capacity.

It was asked what the feedback mechanism was from the Brexit Group and the Chair stated that the minutes needed to be shared with the members of the SED Board.

Resolved:

1. That the update on the work of the Brexit Commission be received and noted; and
2. That that the minutes of the Brexit Commission group be circulated Members of the SED Board.

24. Spending Review

Ian Martin advised that the approach to the spending review was consistent with the aims of the Strategic Economic Plan (SEP) and the LIS

It was noted that following a discussion with the new Prime Minister soon after he took office, the Mayor had written to the Chancellor of the Exchequer on 5 August identifying the following SR proposals as being suitable for acceleration with a view to trying to secure an early funding commitment:

- East Birmingham to Solihull Extension
- Housing Affordability Accelerator
- A set of skills and workforce proposals
- UK Central Interchange Hub
- CWG22 Trade, Tourism and Investment Programme
- West Midlands Zero Carbon Accelerator Fund

Ian Martin advised that there was also a need to link in the Brexit work with the spending review proposals.

It was requested that the spending review “asks” be circulated to the SED Board.

Resolved:

1. That the Board note and receive the update.
2. That the Spending Review asks be circulated to members of the SED Board.

25. Investment Programme

Ian Martin advised that the Investment Programme was a £746m commitment, with 74 projects committed to out of 91. The costs incurred to date were £91.2M.

The Chair welcomed the document that was shared with members and commented that it needed some refinement, to align with the LIS and SEP priorities.

Ian Martin advised that originally projects coming forward had been supported on a first come first served basis.

It was queried whether there was a process against the identified funding of £55m. There was a discussion on funding and the Chair advised that the SED Board needed to understand the baseline of unfunded projects through to 2030, with a view to identify alternative sources of funding.

Resolved:

1. That the SED Board welcome the format of the Investment Programme Dashboard, subject to some minor refinements; and
2. That the baseline of unfunded projects be shared with the SED Board.

26. Regional Tourism Strategy and Regional Tourism Board

Roger Mendonca presented the Strategy.

Resolved:

That the Board receive and note the strategy contents.

27. Date of Next Meeting

Resolved: that it be noted that the next meeting would be held on 20th November 2019.

The meeting closed at 11.55am

Chair