



**West Midlands
Combined Authority**

Strategic Economic Development Board Meeting

Wednesday 20 November 2019 at 2.00pm

Notes

Members

Greater Birmingham & Solihull LEP
Black Country LEP
Cabinet Portfolio - Economy &
Innovation
North Warwickshire Borough Council
Solihull MBC
Warwickshire County Council
WM Universities

Tim Pile (in the Chair)
Lindsey Flynn

Councillor Ian Brookfield
Councillor David Humphries
Councillor Ian Courts
Councillor Izzi Seccombe
Prof John Latham

Officers in Attendance

Black Country LEP
Black Country LEP
Coventry & Warwickshire LEP
Coventry & Warwickshire LEP
Greater Birmingham & Solihull LEP
City of Wolverhampton
Transport for West Midlands
Transport for West Midlands
West Midland Combined Authority
West Midland Combined Authority
West Midland Combined Authority
West Midland Combined Authority
West Midland Combined Authority
West Midland Growth Company

Sarah Middleton
Prof Delma Dwight
Paula Deas
Katie Hughes
Paul Edwards
Tim Johnson
Mark Collins
Mike Waters
Julia Goldsworthy
Jamie Elliott
Jordan Gerrard
Rebecca Riley
Jonathan Skinner
Roger Mendonca

**Item
No.**

28. Apologies for absence

Apologies for absence were received from Jonathan Browning and Stewart Towe and from Councillors Adrian Andrew, Angus Lees, Bob Lloyd and Bob Sleigh.

29. Declarations of Interest

No declarations were made.

30. Notes of the Strategic Economic Plan Board Meeting held 5th September 2019

Resolved:

That, subject to the inclusion of Tim Pile, GBSLEP, in the attendees, the notes of the meeting held on the 5 September 2019 be approved as an accurate record.

31. SED Board Tracker Log

Resolved:

That the SED Board Tracker Log be noted.

32. Forward Plan

The Chair advised that Energy Capital should be incorporated in the Forward Plan, with an update scheduled for 8th January 2020.

Roger Mendonca, WM Growth Company, advised that Tourism should be incorporated into the Forward Plan and agreed to discuss timings with the Secretariat.

Resolved:

That, subject to the additions notified, the Forward Plan be updated and noted.

33. Terms of Reference

The Chair referenced the Terms of Reference report and highlighted that the, The Marches Local Enterprise Partnership (LEP), had been wrongly identified as a member of the Board in the previous iteration, where as they had an observer role. It was noted that this had been corrected in the revised version presented.

Resolved:

That the Board confirm and approve the revised Terms of Reference, with The Marches correctly identified as an observer role.

Economic & Innovation Portfolio

34. Local Industrial Strategy (LIS) Implementation Plan

The Chair agreed to the early consideration of this item.

Julia Goldsworthy advised that single pipeline of strategic projects and programmes had been developed, with the aim of delivering on inclusive growth, integrated into delivery mechanisms already in place. A number of Task and Finish Groups were to be established and the Inclusive Growth portfolio would have oversight of these. Currently there was no update on the Spending Review and in regard to the LIS it was not certain whether this would continue to be a Government priority.

Julia Goldsworthy highlighted that a lot of work had been done on the Sectors and that there had been a two-way conversation between the CA and the Government and Board input was required to identify gaps. She asked if the Framework presented was useful and in relation to engagement advised that there was a need to communicate future jobs and future opportunities. In regard to challenges she stated that there was a need to review what had been produced given the economic climate, future discussions with Government and the outcome of the forthcoming General Election.

Councillor Ian Courts referenced Inclusive Growth, and the tourism element and queried how inclusive growth outcomes would be measured. He was advised that the Inclusive Growth Unit would produce a framework to monitor and advised that the Board would be engaged in the process.

Councillor Izzi Seccombe highlighted that the devo deal was on growth but there was a need to link into how growth impacted on people's lives. She highlighted the Thrive support and that there were easy wins and measures. Whilst the budget was fairly slim there were a few deliverables on how could improve people's wellbeing and retain them in the work place. The Chair quired if the LIS was clear enough on Inclusive Growth.

Julia Goldsworthy advised that there was a need to continue to encourage businesses to undertake the inclusive growth opportunities.

Councillor Izzi Seccombe referenced the work in Coventry and Warwickshire on the military covenant and providing opportunities for uplifting the skills of people who had left the armed forces by supporting employers and people with additional needs. She referenced that 75% with support needs ie on the spectrum did want to work but the reality was only 5% did, with the consequent additional costs to society.

Councillor Ian Courts commented that the CA was to improve wealth and economic growth in the region but that there was also a need to improve health and wellbeing. He highlighted that some areas had high unemployment and high youth unemployment and that there was a need to measure the requirement for upskilling to ensure growth benefitted all.

Councillor Ian Brookfield advised that there was an awareness of what worked well in the respective areas and referenced that youth unemployment continued to rise in the Black Country. However, the reality was that there were micro-areas where these issues were more distinct and thus there was a need to be smarter in tackling inclusive growth.

Tim Johnson acknowledged the economy had a role to play but that there was a requirement to come back to the Board with a proper deep dive, to include a geographic analysis, and consider the real skills challenges, in order to drive this agenda.

There was a discussion on the Carbon technology sector and the opportunity for the region to develop. It linked into the need for “green” policies and to lower carbon emissions, thus there was a requirement for a carbon plan and increasing the number of electric vehicle charging points across the West Midlands. Julia Goldsworthy posed the question whether the LIS emphasised climate change as much as it should, given one third of emissions were from business/industry. She stated that she would undertake further discussions with Councillor Ian Courts, as WMCA portfolio lead.

The Chair noted that climate change was increasingly important to businesses and advised he was aware it was one of the top agenda items for a number of business and stated that the CA needed to show leadership.

Tim Johnson commented that the WM Growth Company had invested in the Springfield Campus for construction technology and these were areas that could be targeted.

Sarah Middleton referenced the table at 2.32 in the report and advised that it should evolve/challenge what the LIS does for Inclusive Growth and the carbon agenda.

Councillor David Humphries referenced that it was anticipated 65% of Year One pupils would be working in jobs that currently did not exist and asked whether this had been incorporated into the CA figures. Julia Goldsworthy stated that she would take this back as the CA were still working to the Strategic Economic Plan targets and noted that it would also merit discussion and engagement with the young CA Board.

Lindsey Flynn commented that education was key to look at new trends for businesses and they needed to be equipped and engaged early on.

The Chair advised that there was a need to resource this across the CA and three LEPs to deliver what was required as the agenda would grow. Julia Goldsworthy stated that this was a shared view across the region and there would be a substantial resource to drive all, although she noted that the creative agenda had not yet secured a resource. She added that there would be a need to prioritise as the resource would come at some point.

The Chair advised that the Board would need to be aware of the resources going forward and that there would be a need not to duplicate activity around the core activity, that is future mobility, modern services etc. Julia Goldsworthy advised that whilst there were officer groups not all industry leads had yet been identified.

It was agreed that a further report with options be submitted to the next Board.

Resolved:

1. That the Board considered the wider mid-year economic review and relationship to the implementation of the Local Industrial Strategy and progress towards agreed long term targets.
2. That the Board agreed the more detailed approach being taken to implementation and delivery, set out in Appendix 1 of the report, noting progress being made and noting emerging future funding asks of Government.
3. That the Board agreed the next steps on engagement and communication, set out in the report.
4. That the Board note the emerging approach being taken to the Future of Mobility new opportunity and the related auto sector action plan.
5. That the Board note the early emerging thinking on the future of business growth support in the West Midlands, looking ahead to future funding and incorporating inclusive growth and climate change into the document.
6. That a further report be submitted to the next Board meeting.

35. Overview of LIS Implementation Activity

Patrick White stated that there was a need to consider the overarching LIS implementation and how the WM could use big infrastructure developments ie Future Mobility as opportunities. He stated that that there was a need to link economic performance data and progress on specific actions in the LIS.

Councillor Ian Courts advised that it would be preferable to have a couple of highlighted as there was a lot of detail contained in the economic data pack.

The Chair commented that it would be useful for the Board to receive the economic data each time but to have highlighted what had changed.

Resolved:

That the Board receive and note the overview of the LIS Implementation activity.

36. Mid-Year Economic Data Review

Prof Delma Dwight and Rebecca Riley presented the Mid-Year Economic Data, noting the comments made under Item 35.

On a comment regarding the potential lag in some of the data received, Rebecca Riley advised that most were lag but the data showed the West Midlands was holding well in construction and the business sector and highlighted the sources, to include the Purchasing Managers Index (PMI). She highlighted that apprenticeship numbers had dropped off but that there was still confusion over the levy.

The Chair welcomed the use of PMI and suggested that GfK Customer Confidence would also be useful to reflect business confidence.

Councillor Izzi Seccombe stated that the issue of the apprenticeship levy should be taken up with Government and Rebecca Riley advised that representations had been made to Government through the Department of the Education. She highlighted that the CA were providing communications to the regions businesses and that there was also the CA Apprenticeship pool.

Tim Johnson advised of other economic data to be aware, to include the aerospace sector and highlighted that many of the sector's companies were US owned.

Councillor Ian Courts referenced GVA per head and asked if the West Midlands as a region were improving and how the performance was against peer areas and the national picture. Rebecca Riley highlighted the RAG (Read, Green, Amber) in the slide pack which provided an indicator of performance.

The Chair advised that whilst it was good to see performance against peers and the national statistics, he would prefer to see the trend, as to whether there was progress, or not.

Prof Delma Dwight stated that an updated version of the data would be provided. In regard to main trends the regional GDP had grown; there was a positive trade surplus despite the contraction of exports; business births were at 25,000 but the survival rates were below the national average; growth had seen a slow down; innovation had improved; and there were 22,000 new benefit claimants. She highlighted that a deep dive could be undertaken into inclusive growth by distinct geographies. In regard to climate changes and a reduction in CO2 emissions, this had reduced and if continued at the current rate carbon neutral would not be achieved until 2355.

Lindsey Flynn referenced business growth and survival rates and queried if enough was being done to support new businesses.

Rebecca Riley highlighted the regional figures for a "No deal" Brexit scenario and advised that current growth was "propped up" by construction and Business and Professional Services. Areas that could potentially suffer a big hit included aerospace, automotive and metals and materials but caveated that the figures presented were the worst-case scenario.

Julia Goldsworthy asked if under construction could CG2022 and HS2 be separated out, as it would be worth noting how dependent the West Midlands was on individual projects. She was advised that the figures could be mapped out and the meeting was further advised that the overall effects on the region were because of the manufacturing industries.

The Chair queried the value of exports and asked for an accurate figure across the seven Metropolitan councils.

Prof John Latham highlighted the anticipated negative impact of a No Deal scenario on Coventry University, which was likely to be replicated across all eleven West Midland universities.

Councillor Izzi Seccombe noted that the figures were based on a no deal scenario and asked if other deal scenarios had been mapped. Rebecca Riley advised that currently business behaviour was based on a no deal outcome.

Given it was linked to the worst-case scenario in no deal outcome it was suggested that the data should be viewed carefully and that there should still be support to lobby Government for a trade deal and support for local businesses.

Rebecca Riley advised that data contained sector specific risks from information shared by the region's Growth Hubs, which fed into the Brexit Contingency Group. She advised that key issues were sector specific and would inform what "Asks" should be considered at the next meetings. Issues included regulation changes; migration with a knock-on effect for construction; no ERDF money; issues for research and development investments. There was a need to work up asks of Government from Brexit and linked into the LIS priorities.

The Chair advised that this should be retained as an item for the next meeting and stated that the CA needed to be ready to lobby from 13th December 2019.

Lindsey Flynn referenced the skills gap and asked what was the scale of the ask, as she felt there was a need to quantify all asks. Rebecca Riley advised that the employment rate was high and envisaged to remain high. However, the people left were the harder to employ and thus required greater interventions.

It was noted that the budget would be announced on 6th January 2020, if the Conservatives retained the government.

Resolved:

1. That the Board receive updated Economic Data at each Board meeting with the relevant changes highlighted for Members; and
2. That the Skills Gap needed to be quantified so that the scale of the requirement for funding was understood.

37. Deep Dive Session on LIS Future of Mobility & Automotive Sector Action Plan

Mark Collins and Mike Waters gave a presentation on the Future of Mobility & Automotive Sector Action Plan.

They highlighted that Future of Mobility should be viewed as a significant opportunity for the region, providing disruptors to the existing sectors were managed.

Diversification opportunities exist throughout expanded ecosystem. With the right infrastructure, systems and policies the region can retain and grow a strong R&D economy and supply chain presence; and export know of how to make the system work by demonstrating exploitation in the region. The potential was for autonomous vehicles, fleets and increased EV.

They asked that the Board:

- considers and advises on establishing a overarching function above the existing projects detailed in the presentation. This would be targeted to provide potential investors and resident economic assets with a more seamless access platform to all opportunities.
- Supports TfWM, working with the LEPs and Local Authority partners, continues to develop this concept and an outline business model.
- considers forming a high-level steering group to advise on the further strategy development of Future Mobility and Automotive.

Prof John Latham acknowledged there was fantastic work being done across a number of sectors but stated that the UK was too small to be a world leader. However, there was an opportunity for the UK to be known for something in the emerging spaces such as autonomous vehicles.

Councillor Izzi Seccombe advised that there need to be balance between the private and public sectors investment. She advised that where commercially beneficial the private sector would invest but there would be some requirement for public sector intervention. Councillor Ian Courts added that there was an issue with infrastructure being in place in order to attract investment and people.

The Chair advised that the Secretary of State view was to establish the scale of the opportunity and he asked where the competitive advantage was in relation to the approach suggested.

Sarah Middleton stated that the Black Country strengths were in materials and aerospace and there was a need to do more where there was an existing specialism in the global market. She commented that the presentation was very car focussed.

The Chair asked if there was a need to establish a Steering Group and there were already a number of groups reporting into the Board. Patrick White advised that it did make sense to have greater co-ordination such as a “Task and Finish” group with a timeline to report back to the Board. The Chair agreed to a Task and Finish group to report back to the Board after three months.

Resolved:

1. That TfWM, working with the LEPs and Local Authority partners, continues to develop this concept and an outline business model.
2. That the Board forms a high-level Task & Finish group to advise on the further strategy development of Future Mobility and Automotive, time limited to report back to the Board in 3 months, to include consideration of an overarching function above the existing projects, that would be targeted to provide potential investors and resident economic assets with a more seamless access platform to all opportunities.

38. LIS Business Growth Programme

The Chair advised that this item would be deferred to the next meeting.

Resolved:

That this item be deferred to the next Board meeting.

39. Brexit Commission and Economic Contingency Group

Julia Goldsworthy provided a brief update. She stated that the Government had stepped back from resilience planning and that this had been reflected in the region, with the Brexit Contingency Group now being held at operational level.

Resolved:

That the Board receive and note the update.

40. Date of Next Meeting

Resolved: that it be noted that the next meeting would be held on 8th January 2020.

The meeting closed at 4.00pm

Chair