



**West Midlands  
Combined Authority**

**Strategic Economic Development Board Meeting**

**Wednesday, 8th January 2020 at 2.00pm**

**Minutes**

**Members**

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

Tim Pile (in the Chair)  
Lindsey Flynn  
  
Councillor Ian Brookfield  
Councillor David Humphries  
Councillor Matthew Dormer  
Councillor Ian Courts  
Councillor Peter Butlin

**Officers in Attendance**

Black Country LEP  
Black Country LEP  
Coventry & Warwickshire LEP  
Coventry & Warwickshire LEP  
Create Central  
Greater Birmingham & Solihull LEP  
City of Wolverhampton  
West Midland Combined Authority  
WMCA Energy Capital  
West Midland Growth Company

Sarah Middleton  
Prof Delma Dwight  
Paula Deas  
Kate Hughes  
Suzie Norton  
Paul Edwards  
Tim Johnson  
Julia Goldsworthy  
Jamie Elliott  
Cheryl Hiles  
Jacqueline Homan  
Rebecca Riley  
Jonathan Skinner  
Matthew Rhodes  
Roger Mendonca

**Item  
No.**

**41. Apologies for absence**

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

**42. Declarations of Interest**

No declarations were made.

**43. Notes of the Strategic Economic Plan Board Meeting held 20<sup>th</sup> November 2019**

Resolved:

That the notes of the meeting held on the 20<sup>th</sup> November 2019 be approved as an accurate record.

**44. SED Board Tracker Log**

Resolved:

That the SED Board Tracker Log be noted.

**45. Forward Plan**

The Chair asked that the dates of submission of reports be reviewed and it was noted that further work was required to populate the forward plan.

Resolved:

That the Forward Plan be updated and noted.

**Economic & Innovation Portfolio**

**46. Economic Data Review**

The Economic Data was submitted and the meeting was advised that the Purchasing Managers Index being sub-50, provided an indication of a weakness in the economy and related to the manufacturing sector. She advised that all the indicators contained in the data had a spatial variation across the region and highlighted, for example, that the Employment Rate was up in the C&W LEP region but down in GBSLEP region. GDP was highlighted but noted that it was a 2017 figure, and that the statistic often lagged because tax had to be accounted for.

In regard to Apprenticeship Starts it was noted that the WMCA region was the highest performing in 2018/19 with an increase of 2,540 starts

The Chair welcomed the data and stated that the underperforming areas required actions attached to them. He highlighted Exports, Youth Claimants and Foreign Direct Investment (FDI) that were areas where actions to improve performance were required.

Councillor Ian Courts added that more analysis of the data of the data was required and stated that there was a need to measure success, thus there was a need to agree what success would look like. He highlighted Regional Exports had reduced by minus 4.8% during the period, whilst they had risen across the UK by 3.3% and stated that there must be activities other areas were doing that were not being done in the West Midlands.

Councillor Ian Brookfield advised that the RAG rating of the data provided evidence to look to re-direct resources to the “stubborn” reds, which incorporated Regional Exports, FDI and Youth Claimants.

Julia Goldsworthy advised that the data would be submitted to the WMCA Board meeting for consideration and the issues of FDI and Youth Employment could be considered with what could be done and who did it. She stated that it represented a guide to actions rather than just an accounting tool.

The Chair advised that the action should come through the SED Board, as a deep dive into the FDI presented a number one driver for the regional economy and should be undertaken through the Board responsible for strategic economic development. Councillor Courts added that youth employment was also key and that the WMCA should be promoting the region, promoting investment etc.

The Chair referenced the data and suggested that there should be some columns added to include a measurement of productivity (advised could be GVA per hour); business starts ups or successful after 3-years, which represented the “energy” of new businesses coming through; and a measurement of decent work as opposed to work (advised that the ONS were doing some work on this measurement). Julia Goldsworthy advised that gross disposable household income could be a measure and Rebecca Riley advised that the ONS measurement was hours worked.

Councillor Peter Butlin advised that there had been a period of “political paralysis” with companies stockpiling which had affected the figures provided. He stated that post the General Election, in twelve months’ time the figures would have changed.

The Chair noted the comment but advised that FDI had been impacted, as well as Exports and Youth Employment in the data presented. Sarah Middleton added that the data provided an in-year insight into the distance travelled for the region’s economic indicators.

Julia Goldsworthy advised that whilst the RAG rating for some indicators may not show red, there remained an underlying significant regional variation.

Resolved:

- 1) That the Board welcomed the format of data and asked for the additional economic data to be incorporated prior to submission to the WMCA Board: -
  - a) GVA per hour (productivity measurement);
  - b) Business Start-Ups or continued success after 3 years; and
  - c) a measurement of “decent” work; and
  
- 2) That the Economic Data Review team be asked to undertake Deep Dives into the following: -
  - a) Exports;
  - b) Youth Claimants; and
  - c) Foreign Direct Investments.

#### **47. Energy Capital & WMCA Climate Challenge Green Paper - #WM2041**

Jacqueline Homan, Cheryl Hiles and Matthew Rhodes were in attendance.

The Board were advised of the forthcoming #WM2041Green paper, which would undergo a 6-week consultation and contained 75 actions to address climate change and had arisen from the Paris Agreement.

In regard to Energy the Board were advised of the need for greater regional control over energy infrastructure investment to support clean inclusive growth. Currently £1.35 BN is invested annually across the region in energy assets and the CA and public sector had no influence. Western Power, Cadent Gas and National Grid are all on the Energy Capital Board and are supporting regional efforts to improve the alignment of investments to local needs. Energy Innovation Zones are one of the key elements to the regional strategy and are developing across the region.

Matthew Rhodes noted that whilst energy was presented with the Climate Challenge paper here, the same energy infrastructure supports economic growth and social inclusion. Devolution of some powers over energy infrastructure investment is thus fundamental to enabling local authorities to deliver local industrial strategy (LIS), climate strategies and social inclusion (for example fuel poverty) in an equitable and balanced way (e.g., delivering climate policy and/or LIS without driving more people into fuel poverty). He highlighted that through the Energy Capital work there was integration with the environment and social inclusion and that they had recently secured 3 high-profile ‘Prospering from the Energy Revolution’ projects through the Industrial Strategy Challenge Fund (ISCF) (with more than 50% commercial match funding) for the West Midlands out of 10 available nationally. These projects will put the region in a position of national leadership in this area.

The Chair advised that the SED Board had a different perspective in overseeing the LIS and asked that members feed into the climate change consultation. In regard to Energy Capital he asked if the appended document proposing a West Midlands Regional Infrastructure Body was what the Energy Capital Board were seeking approval for and Matthew Rhodes confirmed that this was the case.

Matthew Rhodes added that a degree of regional control over energy infrastructure investment (usually as public/private partnership) is commonplace globally and that in the UK the funding for infrastructure flowed through customers' bills, whether it was an individual or company and was being used as an alternative to taxation. With reference to what success would look like he advised that based on best practice globally, greater regional control over energy infrastructure investment should ensure that the net cost to both businesses and customers of energy should fall, compared to continuing as we are.

Councillor Peter Butlin referenced energy policy in Germany and Sweden and commented that the use of renewables had not reduced emissions in Germany. For the economy what was required was a good, reliable energy source.

The Chair commented that energy systems did deliver for businesses and stated that the SED Board's focus should be on an energy solution for the LIS.

Resolved: That the Board: -

1. Note that, in the light of the decision to announce a climate emergency, WMCA had considered how any necessary actions might be embedded in future work streams; these include the work of Energy Capital.
2. Note the recent successful extension of the Energy Capital work programme through Innovate UK funding and the opportunity to restate our call for Energy Devolution under the new administration in the context of our climate emergency declaration.
3. Note the identified approaches to be included in the WMCA Environment Green Paper, particularly in support of the relevant actions in the local industrial Strategy.
4. Note other relevant challenges and opportunities the climate emergency presents, on a local and regional basis.
5. Note the intention to take the Green Paper to WMCA Programme Board on 17<sup>th</sup> January 2020.
6. Note that the focus of the SED Board would be on the energy capital element to include support of the proposal contained in the Appendix to the report, as below:
  - i) The WMCA proposes to establish a Regional Energy Infrastructure Body, Energy for the West Midlands (EfWM). This will:
    - a) Act as a strategic regional customer for the energy network operators, ensuring the UK's regulated energy market delivers clean, inclusive growth opportunities for the region.
    - b) Leverage private finance to support low carbon infrastructure investment locally, using a proven model from the US, which delivered a ratio of 10:1 private: public finance.
    - c) Deliver national energy poverty and efficiency objectives across the region, by procuring a delivery partnership able to invest directly in supporting vulnerable households, following a proven model from Scotland.

- d) Create a flexible, focused and technically competent delivery mechanism, to ensure regional energy infrastructure enables and supports the Local Industrial Strategy and regional carbon reduction strategy #2041.
- ii) EfWM will build on the existing Energy Capital partnership. It will initially manage around £70M of revolving and fuel poverty alleviation funds. The Director of Energy Capital will lead a small executive team within the WMCA and report into a distinct publicly owned legal entity, governed through a two-tier Board structure:
  - a) a small Supervisory Board provisionally consisting of the respective portfolio holders for Economy and Innovation, Environment, and Social Economy; the accountable WMCA Director or Chief Executive and the Chair of the Operating Board. These would be the legal directors of EfWM and will ensure linkages into the Environment and SED Boards of the WMCA
  - b) an Operating Board consisting of the existing Energy Capital Board and bringing together all the current industrial, academic and public sector partners.
- iii) EfWM can be funded through increased Mayoral powers to re-direct and reduce existing levies on energy bills, in turn reducing energy costs for customers in the West Midlands, so we would like to take this proposal to the new government with the support of the portfolio holders for Environment, Economy and Innovation, and Public Service Reform and Social Economy.

#### **48. Create Central**

The Board were advised of the proposal to create a “Create Central” consortium to bid for Strand 2 of the British Film Institute’s (BFI) Creative Cluster Growth Fund. It was noted the WM5G Board were supportive and that the three WM LEPs, WMCA and other partners were supportive.

On a question regarding reporting through to the SED Board, it was agreed that a quarterly update would be required with the Chair attending twice a year.

Linsey Flynn asked that the Create Central growth plan be circulated through to Board members, as referenced in the presentation and it was confirmed that this would be agreed at their board meeting on 10<sup>th</sup> February 2020, after which it could be circulated.

Resolved: that the SED Board:

1. Confirm the approval of the development and submission of a Create Central-led consortium (WMCA, CWLEP, Black Country Consortium Ltd, GBSLEP, Innovation Alliance and WMCU) bid for Strand 2 of BFI’s Creative Cluster Growth Fund; and
2. Note the presentation delivered by Create Central’s Executive Lead outlining the background and the bid process.
3. Note that the SED Board would receive quarterly updates with the Chair attending twice a year to provide updates on Create Central.

## 49. Business Growth Programme Proposals

The meeting received a presentation from Paula Deas, C&WLEP, and Paul Edwards, GBSLEP. And they highlighted that the proposals provided a framework and prioritisation for future publicly funded business support that reflected the LIS sector priorities, based on the replacement of the £320m business support currently provided under ESIF.

They highlighted the following working principles supported by the three LEPs: -

- Increasing business productivity levels as a key working principle.
- Building on the current offer through Growth Hubs and European Structural and Investment Fund (ESIF) business support programmes.
- Focused on high growth potential businesses but inclusive of all.
- Growth Hubs would be the front door with specific lead expertise building on the current three LEP model – generic account management locally, sector account management across three LEP
- Appropriate delivery by Growth Hubs with a focus on co-ordinating activity through partners
- Enhanced account management through Growth Hubs linked to sector priorities and the current sector expertise e.g. industry bodies
- An integrated business growth programme with emphasis on a co-ordinated, complementary and commissioned programme not individual publicly funded providers competing as currently

They advised that the next steps would be

- Further testing with Growth Hubs and LEP policy teams – a Steering Group established.
- Broaden discussions to key delivery partners (LAs, universities, BROs, sector bodies).
- Firm up linkages with economic shock workstream & innovation programme.
- Establish Business-led group to oversee programme development.

Lindsey Flynn asked how growth would be defined, would it be business survival as an example. The Chair asked that high growth be defined and reported back to the Board. In relation to business survival it was also noted that there needed to be consideration how interventions would improve business survival rates.

Roger Mendonca advised that the WM Growth Company should link in with the work of the LEPs and Paula Deas advised that a WM Growth Hub was emerging from the work being undertaken.

Julia Goldsworthy advised that there were other opportunities to link in with the work, as there were Government changes coming through to the structure of BEIS and the small business support could be relocated within the WM Growth Hub.

The Chair asked that numbers be incorporated into the presentation/plan so that the ambition of Business Growth proposals could be held to account for the performance.

Rebecca Riley advised that currently the Growth Hubs knew the businesses who they worked with and there was a need to widen the business base and bring them into the arena.

Sarah Middleton advised that through cross LEP working there was an opportunity to bring companies together in a vertical supply chain, which traditionally had been missed. She stated that there was an opportunity to bring more collaboration across the supply chains, as “businesses knew no boundaries”.

Resolved:

1. That the Business Growth Programme Proposals as presented be noted;
2. Note the work on the emerging West Midlands Growth Hub;
3. Relocate small business service within the West Midlands Growth Hubs;
4. Receive a report to the next meeting incorporating business support with the definitions of high growth, quantify the ambitions for growth and consider collaboration across the supply chains.

#### **50. Innovation Programme Phase 1 Proposals**

The Board were advised that the report was submitted for information and approval, as the Innovation Board reported to the SED Board.

Resolved: that the SED Board support the recommendations and contents of the report being reported through to the WMCA Innovation, as outlined below:

**“The Investment Board is recommended to:**

1. Confirm the approval of £2.96m funding for the first three years of the West Midlands Innovation Programme (WMIP) operational costs (Phase 1).
2. Approve the additional detail on the anticipated outputs/ outcomes, structure and planned activity of WMIP Phase 1.
3. Note progress made in the planning and preparation phase since Investment Board Approval on 24<sup>th</sup> June 2019 in establishing the structure and initiating delivery of WMIP Phase.”

#### **51. Local Strategy Implementation Plan Update inc. FOM, TOR, WMCA report update and Implementation Dashboard**

Julia Goldsworthy provided an update on Major New Market Opportunities, Sector Plans and the Foundations of Productivity. She advised that as part of the wider LIS Implementation delivery activity, the Board had received the more detailed updates on Innovation Phase 1 proposals, Energy Capital and #WM2041 Climate Challenge Green Paper and the Create Central Funding Bid.

She highlighted the Future of Mobility Steering Committee Terms of Reference and advised that their first meeting would be held on 9<sup>th</sup> January 2020.

The Chair advised that there should be some changes to the Terms of Reference to include the membership and sectors and asked that the CA approach the lead LEPs. He advised that the Economic Data dashboard was helpful.

Julia Goldsworthy welcomed the comments and advised that at present the CA was focusing on what it considered important as currently they were not aware of the new Government's view on the LIS.

In relation to the forthcoming budget, the Chair advised that there was a need to be clear on the "asks" from the region and the "Ask" from the CA should reconcile against the LIS, as well as seek to drive the WM economy. He proposed a small group to review the asks before the end of January, to include himself and Councillors Ina Brookfield and Ian Courts. He commented that a big issue for him was the continued reference to the Northern Powerhouse by the Government and that there should be a regional Team Midlands to pitch on.

Resolved:

1. Note the WMCA Board Report highlighting progress on the implementation of the Local Industrial Strategy (Appendix 1)
2. Note the revised draft Local Industrial Strategy (LIS) Implementation Plan summary dashboard (Appendix 2) and consider requirements for approving sector action plans and expectations in monitoring progress against those plans (as per section 4.0).
3. Endorse the next steps of LIS Implementation (as per section 5.0)
4. Note the emerging Terms of Reference for the Task and Finish Group as part of the Future of Mobility Major New Market Opportunity (Appendix 3)
5. Note development of the future of business growth support in the West Midlands.
6. Identify a delegated group from SED Board to include Councillors Ian Brookfield and Ian Courts and Tim Pile to share updated proposals following the Conservative manifesto, Queens speech announcements and budget, prior to next meeting.

## **52. Date of Next Meeting**

Resolved: that it be noted that the next meeting would be held on 18th March 2020 at 10.00am.

The meeting closed at 4.05pm

Chair