



**West Midlands
Combined Authority**

Strategic Economic Development Board Meeting

Thursday 23 July 2020 at 11.00am

Notes

Members

Greater Birmingham & Solihull LEP
Coventry & Warwickshire LEP
Cabinet Portfolio - Economy &
Innovation
Redditch Borough Council
Solihull MBC
West Midland Growth Company

Tim Pile (in the Chair)
Sarah Windrum

Councillor Ian Brookfield
Councillor Matthew Dormer
Councillor Ian Courts
Matthew Hammond

Officers in Attendance

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

Sarah Middleton
Prof Delma Dwight
Paula Deas
Katie Trout
Katie Fulcher
Laura Collings
Suzie Norton
Matthew Rhodes
Mark Collins
Julia Goldsworthy
Rebecca Riley
Jonathan Skinner

**Item
No.**

75. Apologies for absence

Apologies for absence were received from Nick Abell, Prof John Latham and Tom Westley and from Councillors Adrian Andrew, George Duggins, David Humphreys, Angus Lees, Izzi Seccombe and Ian Ward.

76. Declarations of Interest

Matthew Hammond declared his interest in Minute No. 83 - WM Economic Recovery Plan & Next Steps, as Chairman of the Midlands Region and Partner at PWC, as PWC had been commissioned to lead on the work.

No other declarations were made.

77. Notes of the Strategic Economic Plan Board Meeting held 22 June 2020

Resolved:

That the notes of the meeting held on the 22 June 2020 be approved as an accurate record.

78. SED Board Tracker Log

Resolved:

That the SED Board Tracker Log be received and noted.

79. Forward Plan

The Chair observed that the Forward Plan needed further work so that it picks up all future areas of work, including those that will be discussed on this agenda.

Resolved:

That the Forward Plan be reviewed and updated to provide for a planned future work programme of the Board.

Economic & Innovation Portfolio

80. West Midland CA Covid Economic Monitoring – WM Redi weekly monitor (8 July 2020) and the updated SED Board Economic Dashboard

Prof Delma Dwight and Rebecca Riley were in attendance to provide an update on the economic monitoring reporting.

Some key statistics from the Dashboard were highlighted: -
Claimants across the WM were approximately 206,000;
Claimants amongst the 16 to 24 year-old age group had increased;

Furlough had remained stable between May and June but now firms were transitioning it was predicted that there would be a 20% reduction in staff;

FDI – whilst 130 projects were a similar amount to the previous year's figures, the number of jobs created was less.

The Chair noted the huge of economic challenges and referencing FDI asked if the reduction in jobs was because these were smaller projects. Prof Delma Dwight stated that it would be good to understand the reduction in jobs associated with FDI, as it had been a significant fall.

Matthew Hammond observed that whilst in absolute terms the dashboards were correct in terms of FDI, the WM had held up better than other parts of the country. Over the course of the next two years there would be a need to attract more FDI into the region.

Councillor Ian Courts noted the data was interesting but now new. He stated that there was a need to look at the key issues and what interventions the CA could make as a result.

The Chair agreed and advised that data without action was meaningless. He reiterated that the role of the Board should be to identify, where it could, action that the CA could take.

Resolved:

- 1) That the data submitted and comments thereon be noted; and
- 2) That officers identify actions that the CA could undertake to address the economic impact identified in the data.

81. State of the Region - Approach

Rebecca Riley outlined the Executive Summary of the SOR, highlighting that the key page was the SWOT analysis on Covid-19: -

Pre-Covid-19 Strengths

Young and diverse population; BPFS sector and resilience; Private sector R&D and Innovation assets; Largest University sector outside London; Strong construction sector and portfolio of capital investment opportunities; Employment growth; Wage growth; Increase in high skills Apprenticeship starts; Reducing number of young people not in education and training; Improving school attainment; Increasing numbers of active businesses; Increasing number of affordable homes; Business R&D investment; Strong levels of exporting and largest trade surplus; and International Airport and close to a global city

Pre-Covid-19 weaknesses

High unemployment and youth unemployment; Unhealthy communities; Jobs growth; Survival rates of businesses; Significantly deprived areas and inequalities; Low usage of renewable energy; Numbers of residents with low qualifications; Higher unemployment

Opportunities post Covid-19

Sector mix ready for recovery and pick up; Strong healthcare and life sciences sector; Build on successful past growth in construction and business and professional services; Building on community spirit and growing community infrastructure; Adoption of technology and new business models; Growth in clean green mobility; Investing in strong local infrastructure which has responded well in the crisis; Greater investment in young people; and Enhanced emphasis on lifelong learning, and adaptive flexible workforces.

Threats created by Covid-19

Economic crash, social distancing and drop in consumer demand; Large scale unemployment; Long term scarring effects on young people; Apprenticeship availability; Trade and export drop and uncertainty; Negative impacts on international travel, education and tourism; Business investment and cash flow disrupted R&D and innovation investment curtailed Digital skills and infrastructure inequalities; Reduced take up and usage of public transport; A changing world which values technology, personalised interactions, flexibility which we may not be ready for; Large employer asset companies are starting to declare redundancies; and Uncertainty over transition period and new trade and position.

She advised that there had been 3 to 4 years of good performance across the WM and whilst acknowledging the economic downturn due to COVID would be hard, she advised that the WM should come out better the other side if the right interventions were put in place.

Councillor Ian Courts noted this report was going through to the CA Board tomorrow, advised he supported the SWOT analysis but stated that investments had been made such as £100BN for HS2 and all the development in Birmingham City Centre but neither were mentioned as either strength or opportunity.

Julia Goldsworthy stated that the comments would be taken on board and advised that as well as the SWOT analysis, there were a series of actions in the pipeline with an opportunity to consider against each of the items, however the question to consider was whether the actions were sufficient.

The Chair stated that the ordering of items was frustrating as the CA would be receiving the document tomorrow thus the Board were receiving it more for noting rather than being able to influence. He commented that the SWOT did not look at opportunities as he would recognise and commented that Covid could be viewed as an accelerator of what was already happening. He asked that between now and the next meeting the SWOT be reviewed in relation to gaps and interventions required to address growth going forward.

Julia Goldsworthy noted the comments and stated that the timetable or the Spending Review submission was 16th September, thus the next meeting on 20 August would be critical and that the timing of future meetings would be reviewed to ensure the SED Board could feed into reports going forward to the CA Board.

Councillor Ian Courts stated that the mission was to persuade the Government to give the WM what was in the Recovery Plan and commented that they had supported projects such as the metro and there was a need for compelling cases on assets being worked upon.

Sarah Windrum stated that there was a need to consider the eco-system, and building on the comments of data without action, stated that the FDI could be measured in jobs achieved rather than money. In relation to success there were wider considerations to include new businesses, freelancers etc.

Resolved:

- 1) That the Board receive the draft of the State of the Region report and noted the comments contained therein;
- 2) That officers undertake further work on:
 - a) the SWOT analysis in relation to gaps and where further interventions were required;
 - b) the timings of SED Board meetings in relation to the WMCA Board;
 - c) the Spending Review submission in light of the comments, to be reported to the next meeting.

82. Impact of the PM and Chancellor's announcements, including the £66m Get Britain Building Fund

Julia Goldsworthy advised that informal feedback received was that there were no issues with the proposals submitted as part of the Getting Building Fund. She referenced the Economic Recovery package and agreed to circulate the latest state of play to the Board Members, noting that it contained 32 asks across 18 propositions.

In addition to the £3.2BN of asks in the Recharge document, £2.3bn had come into the region through furlough payments, grants etc. She advised that the SED Board would have an opportunity at the next meeting to feed into the economic elements of the spending review package.

The Chair referenced the ambition to have a Gigafactory in the West Midlands and recent media saying that it was to be located in Wales.

Julia Goldsworthy advised that there was a lot of work being undertaken behind the scenes and highlighted that there was an automotive investment fund closing on 5 August and work was being undertaken to increase activity around automotive.

Paula Deas advised that the announcement of the Gigafactory going to Wales had still not been confirmed and was very much speculation. She advised there was a concerted effort on behalf of the WM to secure the Gigafactory here and the Chair asked if Board Members could provide any support. The offer was welcomed and it was asked that Members reach out to any relevant contacts they may have.

Resolved: that the update be noted, to include the opportunity to feed into the spending review at the next meeting and support that Members could provide to the Gigafactory bid.

83. WM Economic Recovery Plan & Next Steps

Julia Goldsworthy advised that the work undertaken with PWC had provided for 4 topics for action within a phased recovery based on public health and market conditions.

Securing 'Recharge the West Midlands'

- The immediate priority is to secure support for the asks of Government in 'Recharge the West Midlands' (32 propositions)
- Thereafter, the priority is to deliver the supported proposals:
 - Based on regional collaboration to leverage the skills and resources across the region
 - With a central team providing coordination and strategic oversight and assurance.

Refreshing the region's vision, strategy and plans

- reviewing, refining and agreeing changes in the light of the changing economic environment post-COVID-19 - such reviews can be done focusing on key policy areas or based on a more holistic reassessment of the region's desired strategic economic outcomes and supporting plans
- Either may unearth gaps where new propositions were needed and should be incorporated into the integrated pipeline, for example town centres and business support.

Applying a protocol to develop a regional pipeline in the West Midlands

- Having a protocol for developing a pipeline of propositions that could be pulled together quickly to enable the region to engage with / respond to fiscal opportunities and direct government commissions in an agile way (Get Britain Building; Comprehensive Spending Review, etc.) This would build on (rather than supplant) existing place-led pipeline development.

Preparing for further devolution

- The forthcoming Local Recovery and Devolution White Paper represents the next stage in the Government's plans for devolution and this work relates to the existing commission from Leaders and the Mayor

Matthew Rhodes reflected that Energy was not included in the slides.

Councillor Ian Courts commented that was it not joined up enough, as it was important to connect to new jobs with new homes. His view was that the WM needed an extension to the Metro and that in regard to buses noted they were easier to deliver with subsidies but commented that the green recovery element did not come through enough. He stated that the Pipeline needed a climate connection, between problems the WM had and actions.

Sarah Middleton commented that there was already business support at grass roots through Growth Hubs and LEPs, with local pipelines.

Councillor Ian Brookfield stated that the pipeline would provide for speed and scale to react to Government recovery funds which we might only have a few weeks turnaround and would continue to be an ongoing issue. He stated that the proposal was to recharge them so that the CA could meet quick deadlines. He agreed that the buses and metro should be part of the recovery and there would be new areas identified that would need to be tackled in a short space of time.

The Chair referenced the four areas and agreed it was imperative to deliver the Recharge document, drive the WM case and fight every corner. In regard to the Vision he stated that it needs to be meaningful, powerful and compelling, in line with individual visions across all partners. The Pipeline would require a clarity of protocols, criteria for prioritisation and that Members would need it to be agreed in advance. He also added there should be some process to allow for responding to Government as soon as possible, otherwise the recent £66m process would be gone through again.

Julia Goldsworthy welcomed the comments but advised the challenge was that the participants were not in control of all processes but agreed it was best to position ourselves in readiness.

The Chair advised that it was key to include representatives from the LEPs, Universities and other partners to ensure the prioritisations could be agreed in advance. He asked that a report back be submitted through the August Board.

Councillor Ian Courts queried if the CA would look at priority criteria for duplicate projects?

Sarah Middleton reminded the meeting that LEPs had a lot of expertise with their developed pipelines because they knew their areas.

Resolved:

- 1) That the update and comments on the evolving economy recovery be noted; and
- 2) That an update be provided to the next meeting of the SED Board.

84. **Draft WM Business Engagement Plan**

Katie Fulcher advised that the strategic aims of the plan were to:

- Gain intelligence and input from businesses and partners to shape any refresh of the West Midlands economic strategy in light of COVID-19 as well as sector specific plans.
- Provide a consistent approach to consulting businesses on the development of recovery plans
- Ensure businesses in key sectors are invited to opportunities for consultation on recovery plans, and understand how their input is being utilised
- Ensure concluding policy interventions put forward on behalf of the West Midlands are representative of and beneficial to businesses operating across the region
- Improve business awareness and confidence in the region's sector recovery planning and interventions
- Increase the levels of collaboration between organisations developing recovery interventions and ensure intelligence from partners is being fed in to plans

She advised that the work to produce the plan had been coordinated by the Black Country LEP, Coventry and Warwickshire LEP, Greater Birmingham and Solihull LEP and the West Midlands Growth Company (WMGC)

The Chair asked Members for observations.

Matthew Hammond agreed and endorsed the document but stated that there was more activity to be undertaken in regard to the actions and delivering against the targets.

Resolved:

- 1) That the Board endorse the Engagement Plan and its direction on the to inform Sector Recovery Plans across the West Midlands, noting that there was a need deliver against the actions and targets outlined in the Plan; and
- 2) To endorse the principals and approach set out in the Engagement Plan

85. **Update on Devolution**

In the absence of Adam Hawksbee and Tony Smith, Julia Goldsworthy advised that the document provided was a draft for substantive input.

She highlighted that there 4 key principles **for the next stages of devolution:**

1. **A whole system approach** – including all local agencies in delivery, not just focusing on devolution the combined authority

2. **Subsidiarity** – including double devolution - to ensure that local authorities both benefit directly from the process and can make their full contribution - and triple devolution – empowering local communities.
3. **Sustainability** – putting the finances of both local authorities and the combined authority on a sustainable footing and focusing on prevention and long-term economic change (including zero carbon).
4. **Simplicity** – improving the clarity of how metropolitan governance works and accountability to local people.

The Chair expressed concern that the report authors had not attended the meeting to present and answer questions. He commented that he felt there was more central control than devolution and given the lateness of distribution it was difficult to comment.

Councillor Ian Courts referenced the issue of subsidiarity and noted that the Counties were pushing for unitary status and asked what further powers the CA were asking for.

Julia Goldsworthy advised that there was it was essential to be clear about who does what in the ask submitted to inform the white paper. She advised that there was need to join up and noted that the LEPs were also working on a white paper submission.

Reference was made to the energy ask being under local control and for economic recovery there was the need for fiscal control and fiscal devolution needed to come from the Treasury not MHCLG.

Katie Trout stated that the 6 WM LEPs own response was intended to cover many of the points in the paper but the focus would be on the role of LEPs (and the complimentary nature to the work of CAs), the strong partnership of public, private and academic sectors; the knowledge and experience of business leaders of industry barriers and opportunities and the track record of delivery. She advised that there was also likely to be a reference to caution being exercised on change under the economic crisis and the need to have a transition period. The LEPs were also likely to reference funding to include the UK Shared Prosperity Fund requiring to be mix of revenue and capital funding and would acknowledge the role of the super-regional partnerships, in looking at transport and internationalisation.

The Chair stated that for a submission at the end of July there was limited time and stated that the paper could be much clearer and more specific. Councillor Ian Courts added that was it clear where Government were going and that we need to swim with the tide.

The Chair asked that points be made through to Adam Hawksbee and Julia Goldsworthy and reiterated that such an important document should not have been received so late.

Resolved:

- 1) That officers note the comments of the Board; and
- 2) That Members feed in their comments direct to the identified officers of the WMCA.

86. Update from Create Central

Suzie Norton provided an overview of the UK creative industries and highlighted that the sector had been growing five times faster than the national economy with film and tv being the fast part. Overall, it had equated to £306m per day during 2018.

She reminded Members that the remit of Create Central had been to:

- Turbo-charge the West Midlands' creative content sector (film, games, TV, digital marketing, animation, VFX, VR and AR)
- Develop public – private partnerships
- Develop a single Economic Growth Plan for the sector
- Secure initial investment
- Recruit a small team of industry specialists

However, as with all sectors, there had been a Covid impact, which was projected to: -

- The Creative Industries (CIs) were projecting a combined £77bn turnover loss over the course of 2020 compared to 2019 (-31%), expected to translate into a GVA shortfall of £29bn in 2020 compared to 2019 (- 26%).
- The greatest turnover drop was expected to be experienced in Q2, but current projections suggest very modest improvements over Q3 and Q4 across the Creative Industries.
- The greatest employment drop was expected in Q1 for self-employed, and Q2 for employees, because contract workers, freelancers, and the self-employed appear to have had seen an immediate impact in March, while companies are expected to consider redundancies starting in Q2.
- Film and TV: £36B in lost revenue, with the sector set to shrink 57% in comparison with 2019.
- Gaming: Industry-wide disruption

Specifically, in the West Midlands it had been the Film and TV sector that had been very hard hit, whilst the Games industry, Leamington Cluster had proved resilient.

She advised that in October they would be reporting to the Board the: -

- Phase Two model of Create Central – from 28 Membership Board.
- Production & Inward Investment Strategy including regional production services.

Councillor Ian Courts queried the involvement in WM5G and was advised that Create Central was primarily involved in the screen sector not the delivery of 5G.

Resolved:

That the update be noted.

87. Update on Future Mobility

Mark Collins provided an overview of the timeline of activity taken to date and highlighted that the Task & Finish outputs thus far had concentrated on developing the following:

- Future of Mobility Narrative (Summary and Extended document)
 - FOM Vision & Mission
 - Strategic alignment to wider WM activities
 - Why West Midlands?
 - Focused plan of activities

- The initial challenges to tackle
 - Developing existing asset locations (e.g. stations) into multi-modal access points
 - Improving access to local amenities via a flexible menu of mobility choices
 - Removing the need parents or carers to accompany pupils to or from Secondary school
 - Redefining how freight movements are managed and conducted with the West Midlands

- How we structure ourselves to deliver Future of Mobility.

Mark Collins highlighted that work had been undertaken reviewing global activity on FOM and advised that work was being undertaken to deliver across the four strategic outputs of Clean Travel, Inclusive Networks, Clean Freight and Business Growth, providing an action plan for delivery.

Sarah Windrum advised that the creative industries should link into the FOM.

Sarah Middleton welcomed the link into the sector action plans and flagged up the opportunity to link into the work on the circular economy, which should be action undertaken outside of the meeting.

Councillor Ian Courts welcomed the modal shift and scale of ambition but stated that there was a need to consider the obstacles of modal shift and behaviour change. Mark Collins advised that behaviour change was required by the population and this would be driven by providing viable choices for people to use.

The Chair stated that he felt the FOM as presented had moved on from the Local Industrial Strategy FOM and asked if there had been a deliberate move away. Mark Collins advised that there had been an evolution in response to the current agenda and that there had been activity to review the original remit.

The Chair advised that he did not feel it was total overlap and asked that officers ensure they did not miss anything. He advised that the Board required to see targets, timings, costs and delivery and encouraged swift progress.

Resolved:

- 1) That the Board receive and note the presentation; and
- 2) That officers act upon the comments received, to include linking in with the creative sector, linking in with work on the circular economy and review the original remit to ensure that the FOM work as evolved continues to meet the Board's aspiration.

88. Notes for WMCA Innovation Board held on 4 June 2020

The Minutes WMCA Innovation Board held on 4 June 2020 were submitted for the Board's information.

Resolved: that the minutes of the WMCA Innovation Board held on 4 June 2020 be received and noted.

89. Date of Next Meeting

The Chair observed that given the CA Board was being held tomorrow, with SED Board having only received them for input today, then some of the SED Board dates need to be reviewed as the proximity of the two meetings impacted on what meaningful input the SED Board could have some items which required consideration at both Boards.

Resolved:

- 1) that it be noted that the next meeting would be held 20th August 2020; and
- 2) that the Secretariat review the meeting scheduled for 16th September given its proximity to the next WMCA Board, 17th September 2020.

The meeting closed at 1.00pm

Chair