



**West Midlands
Combined Authority**

Strategic Economic Development Board Meeting

Wednesday 20 August 2020 at 11.00am

Notes

Members

Greater Birmingham & Solihull LEP
Black Country LEP
Coventry & Warwickshire LEP
Cabinet Portfolio - Economy &
Innovation (City of Wolverhampton)
Dudley MBC
Solihull MBC
Warwickshire CC
West Midland Growth Company

Tim Pile (in the Chair)
Tom Westley
Sarah Windrum

Councillor Louise Miles
Councillor Angus Lees
Councillor Karen Grinsell
Councillor Izzi Seccombe
Matthew Hammond

Officers in Attendance

Black Country LEP
Coventry & Warwickshire LEP
Greater Birmingham & Solihull LEP
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Greater Birmingham & Solihull LEP
City of Wolverhampton
Energy Capital
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
WMCA – Energy Capital Board

Sarah Middleton
Katie Hughes
Katie Trout
Paul Edwards
David Furmage
Laura Collings
Matthew Rhodes
Julia Goldsworthy
Clare Hatton
Adam Hawksbee
Rebecca Riley
Jonathan Skinner
Tony Smith
Matthew Rhodes

**Item
No.**

90. Apologies for absence

Apologies for absence were received from Nick Abell, Prof John Latham and from Councillors Adrian Andrew, Ian Brookfield, Matthew Dormer, George Duggins, David Humphreys and Ian Ward.

91. Declarations of Interest

No declarations were made.

92. Notes of the Strategic Economic Plan Board Meeting held 24 July 2020

The Chair advised that the meetings going forward would be recorded to assist with note taking but would be deleted when the next SED Board meeting approved the notes of the previous meeting.

Resolved:

That the notes of the meeting held on the 24 July 2020 be approved as an accurate record.

93. SED Board Tracker Log

Resolved:

That the SED Board Tracker Log be received and noted.

94. Forward Plan

The Chair observed that the Forward Plan still required further revision and Katie Trout advised that she was working with colleagues across the CA and LEPs to develop, taking into consideration new market opportunities, sectors work, activities from the road map and strategy refresh and advised that a comprehensive Forward Plan would continue to be developed. Julia Goldsworthy added that the Forward Plan should include where the flow from SED Board decisions would be submitted, to include the WMCA Board.

Resolved:

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

Economic & Innovation Portfolio

95. West Midland CA Covid Economic Monitoring – WM Redi weekly monitor (7 August 2020) and the updated SED Board Economic Dashboard

Rebecca Riley was in attendance to provide an update on the economic monitoring reporting. She advised that the dashboard showed a mixed picture with a number of negative indicators. However, she advised that:

- the number of deaths from Covid had reduced;
- Youth claimants had risen significantly, although currently this had levelled off but there would be a need to see the impact at the end of the Furlough period;
- All claimants – second joint highest region across all age groups;
- Future Business Activity – highest performing region;
- FDI – highest region outside of London, albeit the figure had reduced from the equivalent period last year;
- Furloughed employees – highest of all CA areas. Impact uncertain until furlough scheme ends.
- Housing prices nationally had risen – although this was primarily London.
- The knock-on impact of A-levels results were an ongoing issue and the bottom and middle performing universities might suffer the most.
- Regional Lockdowns -remained an ongoing risk.

Julia Goldsworthy referenced the trajectory of the economy and asked if there was a feel for what it would look like? It was noted that the State of the Region document presented at the previous meeting, was being further developed to include potential future trends; what might be accelerated; and what might change. Rebecca advised that thought was being given to the future focus of partners' research which could be used to inform the region's strategy refresh. She offered to bring this to the next meeting.

Tom Westley advised that anecdotally his manufacturing colleagues were back to approximately 80% productivity and asked if the data across sectors supported this or whether it was peculiar to manufacturing. He was advised that where demand was returning then yes this seemed to be a reflection of current productivity, although this was not reflected across all sectors with hospitality reduced and retail operating at 60% of previous activity.

Councillor Izzi Seccombe stated that there was benefit to understand what sectors were doing well and what sectors required further support and asked for a breakdown to the next meeting. She was advised that Agri-tech was performing well but was quite niche and did not provide major employment. In respect of the whole process it had demonstrated that employers would not need the same employment levels in the future.

The Chair observed that businesses were discovering that they could do the same with less people.

Councillor Izzi Seccombe stated that it would be useful to know how many patents were being logged and in which sectors. She stated that if there was significant change then there was a need to adapt to support it and not to put energy into areas to keep them going.

The Chair commented that the areas for growth included Life Sciences, Digital and Low Carbon.

Councillor Angus Lees noted it was predicted that there would be a large rise in unemployment and questioned what could be done at “ground level” to use the talent from that pool of people. It was noted that the Economic Impact Group were considering sector impacts and the employees who were most vulnerable.

The Chair commented on the GDP data being from last year and was advised that there was a lag with the data being produced. He added that there was an impact on the need for office space and the impact of footfall for small businesses that relied on office traffic. The Chair stated that the impact measurement should not only be sector dynamic but look at the place dynamic. He queried whether because of the high levels of furlough, the region was ready for the end of the scheme and whether the potential impact linked into the CSR asks.

Rebecca Riley advised that the redundancy HR1 notices had increased which was an indication of the likely increase in unemployment.

Councillor Angus Lees advised that Dudley MBC had revised a major development scheme in the town, the Portersfield site, with a change of emphasis, reducing office space and increasing housing plans.

Resolved:

- 1) That the data submitted and comments thereon be noted;
- 2) That the economic dashboard produced for the next meeting also includes a summary of sectoral impact; and
- 3) That an item on Future Research Focus come to the next meeting for discussion.

96. Devolution Response – submission to Government

Adam Hawksbee introduced the report and highlighted that the focus was on four things:

- a) A whole system approach – including all local agencies in delivery, not just focusing on devolution to the combined authority.
- b) 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.

- c) 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).
- d) Simplicity – improving the clarity of how metropolitan governance works and accountability to local people.

Adam Hawksbee referenced the Levelling Up agenda with the need for the region to retain locally raised taxes in a single pot; delivery and the need for additional powers in the region, such as low carbon; housing and targets to use public land; employment support and apprenticeships, although he acknowledged the DfE were resistant to devolving powers. He advised that the white paper was envisaged to provide for more Mayoral combined authorities and the potential for re-organisation of local government but that the CA was working to the functional economic boundaries of the three LEPs; in regard to pan regional bodies he advised that there was not a desire to see the Midlands Engine move to a statutory function. The paper as submitted to Government represented a start of a process. It was expected that the white paper would be published at the end of September or early October, although there was an expectation that there could be some slippage.

Councillor Karen Grinsell referenced and welcomed the UK Central plans evidenced in the submission. She stated that UK Central had a clear and co-ordinated Employment and Skills investment plan which required funding. She asked how the transition from ESIF would be managed. Adam Hawksbee advised that the expectation was that there would be a shared prosperity fund and that thoughts on its make-up/application had been included in the submission to Government.

Sarah Middleton referenced the opportunity to campaign for a single pot and the balance between statutory and non-statutory delivery. She advised that LEPs had had the opportunity to focus on non-statutory economic growth and stated that the narrative around the single pot ambition needed to be careful to reflect different roles for delivery i.e. non-statutory and statutory.

The Chair stated that he was aware of the reference to delivery and accountability frameworks in the document but stated he was not clear how it would be guaranteed. Thus, if there was a single pot, there was no framework to how it would work. He also felt that the region needed to make a stronger argument for having such a pot, including being clear on its role and purpose. He observed that it was critical for a good dialogue to be maintained with Government over the next few months. He asked how the SED Board could assist in the process.

Adam Hawksbee advised that conversations were ongoing. In regard to the Single Pot, granular policy work was being undertaken through the Devolution Strategy Group.

Julia Goldsworthy referenced that through the Midland Engine, the LEP Network and the Mayor meetings with Ministers, the core messages could be re-enforced. She stated that the Devolution Strategy Group and the officer group would look at ways of engaging and provide a brief to the next SED Board.

Resolved:

- 1) That the Board note the update received;
- 2) That officers provide a further update to the Board on the role and purpose of the single pot; and
- 3) An update on strategic engagement on the White Paper submission the next meeting.

97. Comprehensive Spending Review

- Business Resilience and Productivity
- Culture
- Employment & Skills

Julia Goldsworthy provided a brief introduction to the report to include timescales for the submission, the potential for the CSR to be a one-year programme rather than a multi-year programme; the opportunities for levelling up and public services; and the three packages around the economic themes, where the SED Board had a crucial role to play, that is Business Resilience and Productivity, Culture and Employment & Skills. She highlighted that the piece of work had a very tight deadline and that an updated version would be made available after 24th August with comments required by the end of the month.

Business Resilience and Productivity

Paul Edwards advised that the SED Board in January 2020 had noted three challenges with business support: the offer was fragmented; providers were competing; and services were driven by what providers wanted to deliver rather than need

He stated that the aim of the paper was to provide a coordinated, complementary and commissioned approach which had been developed through working with Growth Hubs and LEPs' Policy leads. In light of the pandemic everything had become more urgent and that some of the emphasis has changed e.g. the need for more support for early stage entrepreneurs, especially young entrepreneurs.

He detailed the specific asks in the paper:

- 1) Business Transformation and Diversification including Export Growth (£165 million over three years)
- 2) Strategic Business Leadership (£50 million over three years)
- 3) Equity Finance (£250 million over three years)
- 4) Innovation and Research & Development (£675 million over three years)

- 5) Low Carbon Business Diversification (£50 million over three years)
- 6) Targeted Sector Growth Support (£60 million over three years)
- 7) Place-Based Enterprise Growth (£35 million over three years plus capital of c.£125 million)

Whilst framed as Single Pot, he advised that he wanted to ensure the SED Board were comfortable with the single programme approach that allowed some flex.

In regard to infrastructure it was noted that two planning white papers were coming through Government about Housing and Planning. Julia Goldsworthy advised that these would be addressed by the relevant officers in the CA – Gareth Bradford and Laura Shoaf.

Sarah Middleton advised that there was a need to reflect on the balance of revenue and capital, as in the business support space there must be sufficient revenue funding i.e. for firms to transition to digital. Whilst 5G was easy to reference there was a need to stimulate demand. In respect of Innovation there was demand and supply led innovation with the supply side generally from universities, thus there was a need to ensure a balance.

Sarah Windrum highlighted the issues for the creative industries sector, with the need for in-depth business led support; revenue and capital availability. She highlighted that many were sole traders with no premises thus they could not access current support and this freelance area provided a path way for young people. She asked that she would like to see more on that developed in the ask.

Paul Edwards agreed to pick up these comments into the paper. He acknowledged that there was a lot to cover but that for the ask they should focus on the 10-12 most important asks for the region.

Councillor Karen Grinsell referenced the point regarding the Brexit transition needing to be referenced and Sarah Windrum referenced concern the Single Pot looked the same as before, highlighting the engagement work LEPs had done with the business community and the need for flexibility.

The Chair stated that it would be useful to get across in the paper more outputs and impacts i.e. how many jobs would be created. He stated that it needed to be clear how it would make a difference to the region and the nation. The narrative should include the fundamentals for the economy of leveling up, the WM as a scientific powerhouse and the zero carbon agenda.

Julia Goldsworthy advised that zero carbon was a cross cutting theme.

The Chair concluded that the document should include not only what was being asked but a further column to state what the ask would deliver.

Employment and Skills

Clare Hatton introduced her paper and stated that it represented a joint Employment and Skills ask for single pot. She advised that employment support was hugely fragmented and how fragile and dependent on ESF it had been. She stated that there was a need to co-ordinate employment support and in regard to skills the focus was level 3-5 with an offer in the Adult Education Budget.

She stated her asks of the Board were:

Are the amounts, right?

Does the partnership element come through strongly enough?

In regard to recharge there had been an attempt to keep it consistent but that some Government announcements were time limited.

Sarah Windrum queried the deliverability in the Level 3-5 area and asked if this would be through colleges and local providers? She was advised that this would be the case plus universities for Level 4-5.

The Chair noted that there was a need for clarity on who did what in the employment and skills space. In regard to the right pitch for funding he advised that he felt the paper had support on that, in regard to partnerships he stated that the more specific the references were here the better.

Sarah Middleton referenced the funding level of the ask and commented that in light of the likely levels of unemployment/reskilling there should be some "rain check" on the level as it was going to be uncharted territory.

The Chair asked how much it cost to support one individual and Clare Hatton advised that they had costed for a Level 3 qualification but not for employment support and advised that the comments were very useful.

Sarah Windrum referenced the upskilling of business leaders, which was usually done by themselves, and asked that this should be considered as they provided the uplift for the economy and innovation. It was noted that this was currently picked up in the Business Resilience and Economy paper.

Katie Trout welcomed the further development of the submission over the last week and stated that there was an opportunity to further work on the strategic case i.e. why is this approach needed and what would be the impact. This would be important particularly as the DfE is not keen on further devolution.

Clare Hatton welcomed the feedback and acknowledged that whilst the DfE were not in the devolution space the conversations on the Single Pot were progressing.

Culture

David Furmage referenced three packages linked to the Culture asks: - Cultural and Business Restart; Cultural Clusters and Technical Investments; and Place Investments.

The Chair stated that he was pleased to hear the ask was not just a response to Covid19 but for strategic investment in the area. He welcomed the granularity of the ask and the outputs.

Sarah Middleton referenced the leveling up of the whole 3 LEP geography and stated that there was an opportunity to reference the UNESCO Global Geopark status achieved by the Black Country and the canals link in the region and asked that the narrative be worked on.

Councillor Karen Grinsell referenced 10-year cross regional sustainability plans and asked that these be linked into the ask.

The Chair asked that officers undertake further conversations to ensure there were regional links.

It was noted that the value of the ask was £295m capital and £74m revenue, giving a total ask of £369m. Jonathan Skinner advised that there was a balance to be struck on the value of cultural offers in the region as they made the West Midlands an attractive place to visit, live and invest in. He stated that there was a wider element in regard to how the region could engage and influence national investment, such as the Arts Council.

The Chair referenced culture and the creative industries and advised that whilst hugely connected, there were different levers to be pulled to have influence highlighting the Jewellery Quarter and Gaming industry.

Councillor Izzi Secombe referenced the City of Culture for Coventry in 2021 and the opportunity and legacy that would arrive from that.

The Chair stated that the current assets and what was on the horizon provided a powerful point for culture and inward investment, with the associated economic benefits.

The Chair advised that with the overall submission the health economy should be picked up and Julia Goldsworthy agreed to address this point in the submission.

Resolved: that the Board's comments and suggestions as captured above be incorporated into the Comprehensive Spending Review submissions.

98. Environment Board 25 June 2020 – Energy Transition Report

Matthew Rhodes introduced his paper and advised that the Energy Capital Board reported through to both the SED Board and Environment Board.

He advised that the regional energy infrastructure investment was planned and funded through five-year plans agreed between the local monopoly providers (DNO's – Western Power Distribution, Cadent and National Grid) and Ofgem. The scope was £7bn of assets across the region, affecting energy prices for citizens and businesses, as well as the attractiveness of the region for inward investment.

The current approach to energy infrastructure planning inhibited economic growth and the implementation of the industrial strategy because the Local Authorities had a limited and ineffective voice in the process. Energy Capital had led the challenge on the issue and were engaged in national discussions on how to improve the outcomes of these processes for the region.

He detailed the Energy Capital proposal:

- Local authorities would continue to lead the engagement for their areas and liaise with the DNOs, particularly the lead spatial planners;
- Energy Capital would support this process and provide the specialist technical and commercial expertise in energy infrastructure to make sure engagement is at the right levels and that the data and information provided to local stakeholders is discernible and meaningful;
- Ultimately, Energy Capital would seek statutory recognition for the role of local government in this space through the West Midlands Combined Authority.

He advised that action on this was urgent given the electricity price settlement/negotiation was happening now and the window of opportunity was limited. The immediate next step was for Energy Capital to socialise the ask with all the Local Authorities and get them to sign a letter of authority that we can take to OFGEM, WPD, Cadent and National Grid to enable collaboration.

Tom Westley stated that this represented a fantastic opportunity for the region and highlighted how powerful the region could be when properly represented ourselves to Government.

Councillor Izzi Seccombe stated that it was such a significant amount of money and asked why it was not part of the Devo ask? Matthew Rhodes advised that it was part of the Devo Ask, to have a statutory recognition of local authorities in the energy price negotiations. He advised that is cost Government nothing and would bring regional growth.

Councillor Angus Lees asked to understand what a call for action was for the local authorities to get involved. Matthew Rhodes advised that as a local authority there were strategic plans for housing and the economy, thus low carbon electricity was implicit to these existing plans, not just for the green economy but for the energy infrastructure for companies and new housing. On a further question Matthew Rhodes noted that there were a number of suppliers but that Western Power owned the infrastructure, thus the ask was for the spatial and economic plans for from each local authority, which Energy capital would link into an electrical engineer and approach Western Power.

The Chair advised that the 7 Mets would prove a galvanizing force and provide for the best possible result. He asked if there had been any resistance to the proposal and was advised that whilst there was no resistance it did represent a new area for everyone across the piece.

It was noted that Energy Capital needed to speak to have each local authority identify the relevant officer to speak to.

Resolved: That the SED Board:

- 1) Note the integration of the work of Energy Capital into the #WM2041 and TfWM programmes and continue to add the weight of the SED Board to the recognition of the importance of energy infrastructure as a foundation of clean economic growth in the West Midlands; and
- 2) Endorse Energy Capital's proposed approach to engaging with the regional energy network operators collaboratively, with and on behalf of, the constituent members, with a view to getting a better outcome for the region from current and future energy infrastructure price control negotiations.

99. Minutes of Energy Board – 3 June 2020

Resolved:

That the Board receive and note the Minutes of the Energy Board held on 3 June 2020.

100. Date of Next Meeting

Resolved:

- 1) that it be noted that the next meeting would be held 10 September 2020.

The meeting closed at 1.00pm

Chair