



**West Midlands
Combined Authority**

Strategic Economic Development Board Meeting

Thursday 17 December 2020 at 1.00pm

Notes

Members

Greater Birmingham & Solihull LEP
Black Country LEP
Coventry & Warwickshire LEP
Cabinet Portfolio - Economy &
Innovation (City of Wolverhampton)
Dudley MBC
Redditch BC
Solihull MBC
Warwickshire CC
WM Universities

Tim Pile (in the Chair)
Rachel Eade
Sarah Windrum

Councillor Ian Brookfield
Councillor Angus Lees
Councillor Matthew Dormer
Councillor Ian Courts
Councillor Izzi Seccombe
Prof John Latham

Officers in Attendance

Aerospace Alliance
Black Country LEP
Black Country LEP
City of Wolverhampton
Coventry & Warwickshire LEP
Coventry & Warwickshire LEP
Coventry City Council
Energy Capital
Greater Birmingham & Solihull LEP
Greater Birmingham & Solihull LEP
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority

Andrew Mair
Sarah Middleton
Prof Delma Dwight
Laura Collings
Paula Deas
Kate Hughes
Andy Williams
Matthew Rhodes
Katie Trout
Nasreen Chaudhry
Julia Goldsworthy
Adam Hawksbee
Jacqueline Homan
Annie Kehoe
Rebecca Riley
Jonathan Skinner

**Item
No.**

144. Apologies for absence

Apologies for absence were received from Councillors Adrian Andrews, George Duggins, David Humphreys Danny Millard and Ian Ward and from Matthew Hammond and Tom Westley.

145. Declarations of Interest

No declarations were made.

146. Notes of the Strategic Economic Plan Board Meeting held 20th October 2020

Resolved:

That the notes of the meeting held on the 19th November 2020 be approved as an accurate record.

147. SED Board Tracker Log

Resolved:

That the SED Board Tracker Log be received and noted.

148. Forward Plan

The Chair noted the revisions to the Forward Plan and asked officers to ensure the right structure for the January and March meetings to optimise the effectiveness of the Board's input.

Resolved:

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

Economic & Innovation Portfolio

149. Membership

Katie Trout reminded Members that the September Terme of Reference had agreed an increase in private sector membership on the Board, with a strong steer on diversity of membership in the broadest sense i.e., gender, ethnicity, geographical and sectors. She referenced the proposed new Members detailed below and advised that as well as these sectors, industry representation would attend linked to the sector action plans.

VC Aston or Birmingham	Higher Education
Universities	Further Education
Black Country nomination	Automotive
Professor David Keene	Creative Industries
Anita Bhalla	Life Sciences
Charles de Rohan	Logistics/Transport Technologies
Karen Shuter	Low Carbon Technologies and
Michaela Kendall	Services
Sat Nijjer	Construction

The Chair advised that in respect of the additional Higher Education Professor Sir David Eastwood at the University of Birmingham.

Councillor Izzi Seccombe noted the omission of the hospitality sector and highlighted the perilous state of the sector at present and commented that she felt sector representation was required, especially given the tiering system at present.

The Chair stated that if the Board approved the membership as referenced then they could look to co-opt a lead from the hospitality sector, whilst the industry worked through this period of tiering.

Julia Goldsworthy advised that the Board had a reach into other groups to include Cultural Leadership and Tourism and the challenges were impacting across the visitor economy. She suggested that an infographic be produced across Board members and constituent Board membership so that the Board could see the gaps and where the need was required to supplement the other reporting Boards, to include the two referenced.

Councillor Ian Courts noted that the Solihull geographical area and whilst he supported the proposal, noted that it was as simple as inviting other sectors to the Board, as there were different perspectives across businesses operating in the same sector.

The Chair noted the comments and posed the question of how would the Board give hospitality the priority it deserved. Katie Trout advised that the EIG had strong representation from the hospitality sector and thus there was work for officers of how to link in the work of the EIG and SED Boards. The Chair noted that the EIG was an information sharing body, whilst the SED Board was developing plans and actions based on evidence and knowledge of the sectors, thus there was a need to develop an action plan for the sector.

Councillor Ian Brookfield noted the issues affecting hospitality but observed that there were other sectors that would not be represented on the Board. Councillor Ian Courts agreed that there were other sectors but stated that none were so effected by the tiering rules at present. The Chair noted that both members were right.

Sarah Windrum welcomed the work undertaken and advised that the private sector representatives on the Board had customers and suppliers so provided a useful “eco-system”, thus had wider experience and knowledge, over and above their specific sectors.

It was agreed to implement the current proposals, although Katie Trout observed that the Life Science proposal would need to be confirmed by written procedure between meetings.

Resolved:

That the SED Board confirm the revised membership and invite all new Members to the meetings from January 2021 onwards.

150. West Midland CA Covid Economic Monitoring – WM Redi weekly monitor (11 December) and the updated SED Board Economic Dashboard

Prof Delma Dwight was in attendance to provide an update on the economic monitoring reporting. She advised that the latest furlough and export information would be available later today and circulated post the meeting. She detailed the monitoring report was contained in the agenda highlighted the following statistics:

- The PMI was at 50.5 and the 5th highest in the UK.
- The future business activity index had improved, fuelled by the announcement of the vaccine developments and the overall optimism had strengthened to a four-month high in November. Although the prospect of a “no deal” Brexit would have a negative impact.
- The over 16 claimant market was approximately 212,000 across the region, which was the joint highest, alongside Manchester;
- The 16-24-year-old claimant count was approximately 48,000, which was the fourth highest CA region.
- Regional exports fell by nearly £4.6bn (-14.1%) over the year of 2020 Q2 to £27.5bn - the UK decreased by 9.0%. The West Midlands region imports decreased by 18.0% to £31.3bn - leading to a trade deficit of £3.8bn.

The Chair welcomed the business optimism, albeit tempered by the outcome of the Brexit negotiations.

Councillor Matthew Dormer advised that he had been made aware of a number of companies who were looking to furlough their staff over the Christmas period to offset employment costs and asked if the data indicated this. He was advised that the data was not as “real time as that” but that certainly the data could be reviewed in the new year.

Julia Goldsworthy noted that the health impact of Covid was disproportionately affecting BAME communities and women and that these groups would need additional support to ensure they benefited from the recovery. Sarah Windrum advised noted that this was similar to female and BAME led businesses.

The Chair advised that GBSLEP were reviewing what could be done to drive out inequalities especially in difficult to reach communities. He referenced work undertaken in Aston paediatrics regarding health inequalities and observed that there was need to link the leaders of sub sectors with the Integrated Care System (ICS) as you could not separate health and the commercial economy.

Councillor Izzi Seccombe advised that health was her portfolio at the CA and advised that they had undertaken some work regarding the health of the BAME community. She advised that Ed Cox was leading in this areas and Julia Goldsworthy advised that she would pick up with him, with a view to integrate the data with the economic statistics.

The Chair advised that there was a lot of work undertaken by both the ICS and SED Board that were common issues, although he noted that there were some geographical difficulties in that ICS covered the NHS geographies rather than the CA. Councillor Izzi Seccombe noted that C&WLEP fitted with the NHS boundaries and commented that she thought Birmingham did too. The Chair asked officers to report back on how the health data could be layered in with the economic data, so that both could be tackled in tandem.

Resolved:

That the SED Board:

- 1) note the data submitted; and
- 2) request officers to undertake further work on integrating health and economic data with a view to addressing inequalities across the piece, in the region.

151. Implications of the Spending Review

Julia Goldsworthy advised that a briefing had gone around to Leaders and agreed to share the paper and background note. She highlighted key announcement's in the Spending Review to include: -

Levelling Up Fund was a £4bn fund jointly held by DfT, MHCLG, BEIS. It would fund infrastructure projects up to the value of £20m with £600m available in 2020/21 and she noted that MPs would have a role in approving projects.

Future High Streets Fund – the prospectus was expected to be submitted in the New year.

UK Shared Prosperity Fund - UK wide funding amounting to £1.5bn per year on average, matching receipts from EU structural funds and the documents advised that the UKSPF would eventually “at least match current EU receipts”. The exact profile of the UKSPF would not be determined until the next Spending Review, with the Government providing £220m of UK-wide funding to help local areas prepare over 2021/22 for its introduction. A second tranche of funding will be aimed at “people most in need through bespoke employment and skills programmes that are tailored to local need”.

Local Authorities – to receive £3bn of additional COVID-19 support and 4.5% spend increase in cash terms.

Transport Intracity pot – scheduled to commence next year.

Housing -to be announced next year, with the publication of the National Infrastructure Plan.

Julia Goldsworthy advised that there was plenty of coverage for small scale projects and stated that HS2 continued to progress.

Councillor Ian Brookfield advised members that the 4.5% increase for local authorities was not correct, as in part it was procured by local authorities through a 3% addition to Council Tax and stated that the Covi-19 support was 25% less than local authorities had actually spent.

The Chair referenced the changes to the Green Book and the report reference to training for the region. Julia Goldsworthy advised that the CA were in the enviable position in that Rebecca Riley was the Chair of the national user group and thus could feed into the national programme. There was to be “summer schools” organised to train up officers in the new provisions but she advised there was not just a capability issue but also a capacity issue, thus there was a need to develop the training the programme.

The Chair asked for a “one pager” to the January SED Board and to highlight how training could be delivered during the winter months rather than the summer.

Councillor Angus Lees advised that the Black Country was different in relation to demographics and advised that he had attended a scrutiny review meeting where the point had come up about education, energy and the economy. He highlighted that Dudley College provided gaming technology. In respect of the children, the Black Country had the highest level of children who were not school ready. Whilst he observed that the CA Board were considering the Dudley Bus Interchange, he stated that the CA needed to change the way it allocated to the three LEP areas.

Rebecca Riley stated that whilst the Green Book had been updated, the support documentation had not been prepared yet thus the immediate issue was to bring all up to speed with the strategic issue. The Chair noted the comments and stated that he would be guided by officers but advised that he was keen that the officers in the region were ready when the funding came through.

Councillor Ian Courts referenced the geographies and stated that the CA had come together as a functional economic geography and that residents lived and worked across the region especially central Birmingham office-based staff.

Councillor Angus Lees advised that in Dudley borough 85% of resident lived and worked in the area, which was different to the Birmingham demographic. He advised that across all 4 local authorities in the Black Country, the politicians were unhappy with the funding and bidding process through the CA.

The Chair acknowledged the points raised and observed that LEPs did provide geographies that could provide key building blocks for submissions and the type of projects that would meet the Leveling Up infrastructure projects of £20m. Kate Trout noted that Levelling Up was on the agenda as a separate item and advised that LEPs brought together local authorities, academia and the private sector and already ready had pipelines of strong regional propositions which had economic and environmental impacts. Whilst the content of the forthcoming prospectus was not certain, LEPs were best placed to help in preparation.

Councillor Ian Brookfield stated that it was an important point that currently we do not know the contents of the prospectus or the final role of MPs. In regard to the mechanisms, he commented that joint submissions maybe difficult and that local organisations, such as Towns Boards should be viewed as an opportunity separate to the GBF fund. He welcomed the views being expressed.

Sarah Middleton highlighted the track record of LEPs in delivery and noted that it was important to have the strategic view from the CA, noted that the LEP geographies had been established for a reason as they were important to their local enterprises.

The Chair acknowledged that there were both macros and micro points being made and the key was to work collaboratively in order to identify gaps and overlaps. Sarah Middleton agreed that there was a need to use all organisations in the best possible way, to include the “family” of LEPs.

The Chair concluded that it was a good to have a consensus as a starter but observed that it was key to see the prospectus and it was noted that the aim was for the release in January, with £600m to allocate on a competitive process.

Resolved:

That the SED Board: -

- 1) note the progress that has been made to establish the implications of the Spending Review, Levelling Up Fund and Green Book changes.
- 2) note the comments as to how the WMCA can support the Board and partners, to include LEPs and local authorities, to maximise the investment opportunities available in the West Midlands and adapt to the Green Book changes.

152. 10 Point Plan Green Recovery

Katie Trout advised that there had been a collaborative effort with Matthew Rhodes, Jonathan Skinner, Jacqueline Homer and Katie Hughes to review and draw out the implications of the Government's 10-point plan and in order to take the work forward the following actions had been identified: -

Short Term

- Publish the WM2041 Five-year action plan which would provide a strong steer on the economic challenges facing the region.
- Bring the COVID '12 Months on' action plan to the January SED Board, which would provide an analysis of the progress, latest position and future priorities against the 10 economic recovery outcomes that were published by the Mayor, Leaders and LEP Chairs in May. Notably 'Step up Green Growth Plans' was one of the 10 recovery outcomes. Where it was relevant to the 10 outcomes, project leads are drawing out the environmental impacts of Recharge proposals.
- Make the case to Government that the plan was regionally-inequitable and needed rebalancing and develop clear, evidence-based proposals to make it easy to rebalance government investment e.g., for the Gigafactory and Repowering the Black Country.

Medium - Long Term

- LEPs would continue to develop and apply sector action plans in light of the 10 Point Plan for a Green Industrial Revolution.
- Draw on the megatrend analysis for the refresh of the region's economic strategy and ensure that our approach drives forward the WM2041 five-year plans.
- Consider the role, viability and desirability of much less energy intense sectors within our local industrial strategy (e.g., data/smart cities; life sciences?)

- Continue to seek devolved powers and funding to allow efficient local delivery and tailoring of policies to create markets for building technologies, zero-carbon mobility, and appropriate and smart local energy infrastructure.

With both COP26 and an anticipated refresh of the national Industrial Strategy planned for 2021, the Government's appetite and attention on the agenda was likely to increase over the coming months. The West Midlands was well placed to take advantage of any opportunities this brings.

Matthew Rhodes stated that there was potential for industrial investment in the West Midlands, with a rationale to put energy intensive businesses in the WM at the centre. However, he commented that he felt the Government had missed the WM out in respect of the Gigafactory and Repowering the Black Country proposals.

Councillor Ian Courts welcomed the 10-point plan as a statement of ambition. In respect of the energy scene, he stated that it was currently dominated by foreign companies i.e., Chinese, US and German and that the whole 10-point plan needed integrating into the business eco-system. He stated that, coupled with Brexit, it was a joint product and there was need to make local, buy local etc.

Councillor Ian Brookfield there were opportunities in the plan and a couple of initiatives that the region could commence to include the retrofit of homes and battery technology. He advised that the conurbation was made of SMEs who were energy dependent who could not off-set their energy usage.

The Chair noted that retrofit agenda and support to bring SME's along would provide employment opportunities for young people.

Councillor Angus Lees noted the heavy manufacturing base in the WM and stated that interventions would need to be done at scale.

Matthew Rhodes advised that it was clear if nothing was done then it would become uneconomic to operate an energy intensive business over the next 10-20 years. The forthcoming energy white paper was moving costs from variable to fixed and the questions would be who paid i.e., the domestic or business consumer. He stated that the Government had advised that they would commence the conversation in April and advised that it was important that the region participated. In respect of local authorities, they had a big role for a greater degree of control in relation to retrofit and fit and fuel poverty. In relation to the WM energy demand there was a big need to regenerate, and an opportunity to build, the energy market.

Katie Hughes referenced the region's automotive sector and the Government bringing forward the ban on petrol and diesel vehicles from 2035 was bringing challenges and impact on OEMs. She advised that it took 5 to 6 years to bring a new vehicle to the market and the implications for the white paper would be the need for a four-fold increase in energy, the costs of which impacted on supply chain resilience. Thus, SMEs in the supply chain would need to support. She advised that the Gigafactory would be key as electric vehicles would require battery production at scale. Katie Hughes provided a detailed overview of the requirements for the sector to include support competing countries were providing to the sector, potential tariffs arising from a "No Deal" Brexit, reductions in demand and consumer barriers to purchasing electric vehicles; and highlighted the work of the Electrification Taskforce.

The Chair noted that energy was key to all discussions around a green recovery and the ten-point plan

Resolved:

That the SED Board: -

- 1) Noted the issues raised in this report on the implications of the Government's Ten Point Plan for a Green Industrial Revolution;
- 2) Noted the actions proposed in paragraph 3.5; and
- 3) Received the update on the impact on the automotive sector.

153. Responding to the Levelling Up Fund

It was noted that this item had been discussed under the spending review update.

Resolved:

That the SED Board note the discussion had taken place under Minute No. 151, "Implications of the Spending Review".

154. Sector Plans – Aerospace

Andrew Mair provided an overview Midlands Aerospace Alliance (MAA) and the aerospace sector in the regional economy.

He advised that whilst the UK was an important player, global competition was fierce and stated that Governments all over the world wanted a piece of the aerospace industry (Russia, China, Korea, Japan). Thus, it was long term battle to build or risk losing the aerospace industry. In respect of the Covid-19 crisis, it was such a disruptive force on the aerospace industry that it could be a turning point for the UK and the West Midlands, as global competitors sought to gain an advantage.

Overall, the Midlands accounted for about ¼ of UK aerospace industry, which was 1.5% of total global aerospace industry. For the region this represented £9bn revenue, equating to about 45,000 direct jobs or 1% of region's employment and for the West Midlands there were about 20,000 jobs.

□

For the Sector Plan, the “greening” of aircraft and aviation was an imperative innovation for civil aerospace, as currently it was responsible for 2% CO2 global emissions. Greener aircraft/aviation had been on the agenda for many years, which would require substantial investment in technology requiring all tiers supply chain, to include electrification, additive manufacturing, composite materials to reduce aircraft weight, hotter engines to improve fuel consumption and sustainable fuels.

In respect of Jet Zero and the Ten Point plan, the objectives were to provide ministerial and senior industry leadership on efforts to deliver UK capabilities for net zero aviation; identify and optimise the strategic, economic and international benefits of developing these industries in the UK, and overcome the barriers industry face in achieving these goals; accelerate the design, manufacture, testing, certification, infrastructure and commercial operation of zero emission aircraft and aviation systems in the UK through sustained investment in applied research and development (R&D) and fostering greater collaboration across sectors; accelerate the delivery of SAF by supporting the investment in first-of a-kind SAF plants, supporting research and development of new pathways and driving down production costs through upscaling and innovation; support grassroots innovation in these areas and make the UK the best place in the world to develop new aviation technology; and challenge existing approaches by involving disruptors and innovators in the dialogue. All these objectives were directly relevant to Midlands aerospace cluster.

For the region he advised that there was a partnership between MAA and Institute for Aerospace Technology, University of Nottingham. ERDF, which provided an opportunity to transfer technology from a globally significant aerospace university to Midlands aerospace supply chains, plus develop bottom-up innovations with guidance from experts at Collins, Meggitt, Moog. Rolls-Royce, Airbus, Boeing.

He highlighted the short-term and long-term impacts on the future for jobs, and advised where government could best lead initiatives, to include: -

- **Redeployment** Preserve the skills and capabilities of the sector by helping find alternate employment.
- **Keep Apprenticeships Open** National funding and local support is required for the future skills base.
- **Cashflow Support Fund** Organise finance that would be repayable based on business performance.
- **Responsible Sourcing** Companies receiving UK government aid should source in the UK where the capability exists.
- **Unleash Bottom-Up Innovation** Enable supply chain companies to find and create new markets.

- **Systematic Cross-Industry Technology Development** Create and resource demand-led innovation to pull technology from one sector to another.
- **Invest In R&D at Scale to Make Aerospace Truly Sustainable** Foster real, authentic participation by smaller supply chain companies.

In respect of the Sector Plan, he highlighted the following three areas: -

Market pull

- Flying: Getting people flying again
- Do everything we can to encourage a return to flying
- Testing before and after flights
- Travel corridors to e.g., New York
- Effective national track and trace
- Low-interest loans to airlines --as in most countries --so they can buy the aircraft they have ordered

People

- “Skills Recharge” - Help companies retain and grow skills and capabilities for the upturn and the long-term.
- Learn from good practice on short-time working in France and Germany.
- Support small manufacturers directly to retain e.g., 25% of their workforce like this: 2x people working ½ hours, Government support, JRS/ furlough-like, for the additional hours
- Significant training and retraining effort focused on innovation management and R&D skills, new --green technology --skills around electrification, additive manufacturing, Industry 4.0/digitalization
- Similar provisions could be adopted in other sectors

Finance

- Cashflow Support Fund Organise finance that is repayable based on business performance.
- Aerospace supply chain recovery and growth financing
- Equity, asset-based, inherently limited
- Must be for all tiers not just the big aerospace companies
- Working capital, inventory, cash for growth, these are the key issues for suppliers
- Most valuable: repayable re-launch aid, “student-loan”-like (CityUK) based on market recovery
- May be necessary from summer 2021 on, but not yet.

The Chair advised that Members could pick off-line with Andrew Mair and advised that the Board should support the key asks to Government. Sarah Middleton welcomed the recommendation to support the key asks and asked that the Board should support the continued development of these.

Resolved:

- 1) That the SED Board receive and note the update on the Sector Plan for Aerospace; and
- 2) That the SED Board support the development of the key asks to Government in respect of Market Pull, People and Finance.

155. Digital Roadmap (*SED Board to comment on the draft WMCA Board report*)

The Chair observed that a number of Members had left the Teams call and thus the meeting was in quorate. It was noted that the Chair, Sarah Windrum and Councillors Ian Brookfield and Angus Lees remained in the meeting.

The Chair advised that the report on the Digital Roadmap was for members to comment prior to its submission to the CA Board meeting on 15 January 2021 and asked Members to forward any comments direct to Adam Hawksbee.

Recommended:

That the SED Board Members inform officers direct of any comments they had in relation to the Digital Road map.

156. Cultural Update Paper (*SED Board to comment on the draft WMCA Board report*)

As per Minute 155. Digital Roadmap, the Chair advised that the report on the Cultural Update Paper was for members to comment prior to its submission to the CA Board meeting on 15th January 2021 and asked Members to forward any comments direct to Adam Hawksbee.

Recommended:

That the SED Board Members inform officers direct of any comments they had in relation to the Digital Road map.

157. Freeports

The Chair stated that given some Members had had to leave the meeting and given the short timescale in which to respond there was a need to give this due consideration with key Leaders involved, He asked officers to convene a special session of the SED Board prior to the festive break for the Freeports item.

Resolved:

That officers schedule a further meeting in advance of the festive break.

158. Date of Next Meeting

Resolved:

That the SED Board note that the next meeting would be held 20th January 2021.

The meeting closed at 1.25pm

Chair