



**West Midlands
Combined Authority**

Overview & Scrutiny Committee

Date	8 March 2021
Report title	'Economic Needs of the Black Country' Scrutiny Review - Summary of Findings
Members Undertaking the Review	Councillors Ahmad Bostan (Chair), Cathy Bayton, Angus Lees and Lisa Trickett.
Accountable Employee	Tim Martin, Head of Governance, Clerk & Monitoring Officer email: tim.martin@wmca.org.uk tel: (0121) 214 7435

Recommendation(s) for decision:

The Overview & Scrutiny Committee is recommended to:

- (1) Endorse the observations and conclusions of the scrutiny review group, as set out within the report, for further consideration by the WMCA, Black Country local authorities and the Black Country LEP.
- (2) To note that the conclusions of this scrutiny review will be reported to the WMCA Board on 19 March 2021.

Purpose

1. To consider the findings of a scrutiny review undertaken to understand whether the regional economic recovery proposals, which the WMCA were supporting and enabling, were meeting the needs that had been identified within the Black Country sub-region. In addition, the review also considered whether the specific sub-regional needs were being adequately considered during the development of wider regional policies and delivered sustainably.

Background

2. The region's economic response to COVID-19 has had several different components, reflecting the different phases of the UK's recovery from the pandemic. These components have included:
 - The short term pivoting of existing projects and the deployment of local measures to provide immediate support.
 - A regional investment case to Government to kickstart recovery in the medium term.
 - The need for a longer-term reset of economic strategies, including the Local Industrial Strategy, Regional Skills Plan and the Strategic Economic Plan.
3. This approach to regional economic recovery has been guided by ten priorities for recovery. The priorities, which would be the focus over the coming months and years of the region's recovery from the economic impacts of the pandemic, were identified as:
 - Ensuring our residents were kept safe and healthy
 - Getting people who lose their jobs back into work quickly
 - Supporting our local businesses
 - New investment in technology and innovation
 - Building more homes faster and reshaping our town centres
 - Accelerating our transport construction plans
 - Making sure the recovery was inclusive and worked for everyone
 - Stepping up our green growth plans
 - Taking the West Midlands out to the world
 - Regaining control of our own recovery
4. At its meeting on 7 September 2020, the Overview & Scrutiny Committee agreed to undertake a scrutiny review to consider whether the regional economic recovery proposals were meeting the specific needs identified within the Black Country sub-region. The key objectives for the review were identified as being to:
 - (a) Understand the economic needs of the Black Country sub-region to enable a post-COVID-19 recovery.
 - (b) Understand the regional economic recovery proposals and how they specifically impacted on the Black Country sub-region.
 - (c) Determine the degree to which the economic recovery proposals were likely to adequately address the Black Country's economic needs.
 - (d) Understand how the identified economic needs of the Black Country sub-region influenced and shaped policy development within the WMCA.

5. The review group was chaired by Councillor Ahmad Boston and also comprised Councillor Cathy Bayton, Councillor Angus Lees and Councillor Lisa Trickett. The review was undertaken during December 2020 and January 2021 and was supported by Jonathan Skinner (Head of Economy & Local Industrial Strategy), Jordan Gerrard (Graduate, Strategy) and Lyndsey Roberts (Scrutiny Officer).

Evidence Gathering

6. The review group sought a range of written and verbal evidence to help inform its conclusions and recommendations. A briefing note was prepared by the WMCA's Strategy Team that summarised the West Midlands approach to economic recovery. It provided a greater understanding on how the region's economic response to COVID-19 had several different components that reflected the different stages of the UK's recovery from the pandemic.
7. The review group considered a report 'The State of Economic Justice in Birmingham and the Black Country', and an independent piece of research led by the New Policy Institute and funded by the Barrow Cadbury Trust that was published in 2019. It drew together regional data and focussed on 'economic justice', in particular the extent to which the West Midlands economy was delivering financial security and general wellbeing to the population of the region.
8. In support of the findings of this report, the review group received a presentation from Dr Peter Kenway from the New Policy Institute on a further piece of research that highlighted key information regarding the state of 'economic justice' in Birmingham and the four Black Country local authority areas. It focussed on how different groups were experiencing economic wealth and opportunity, and the ongoing systemic and structural barriers faced by many in achieving financial resilience. The research explored and highlighted the extent to which economic prosperity was felt equally across the population. Some of the key data presented to the review group (and which refer to the period before the pandemic) included:
 - 56% of children in the Black Country live in local areas which are within the most deprived fifth of all local areas in England. 36% of children in the Black Country live in low-income households ('income poverty')
 - In order to reach the England-wide average employment rate of 75%, 45,000 more Black Country residents needed to be in jobs.
 - 82% of those that work in the Black Country also live within this area;
 - the Black Country had one of the lowest levels of job density (jobs per head of population) in the country;
 - Managerial and professional jobs had a much smaller share of all jobs in the Black Country (38%) than in other parts of the WMCA area (around 50%).
 - Too many residents of the Black Country had only level 1 qualifications or below (31% of 25 to 29 year olds) and too few achieved level 3 qualifications (19% of 25 to 29 year olds)
9. As 56% of children in the Black Country live in the local area which are among the most deprived fifth of all local areas in England and 36% of children in the Black Country live in low-income households, it was clear that measures were needed now, rather than waiting until they hit the employment market. In addition, as 82% of those that worked in the Black Country also lived within the area, there was a need to focus on the local geography and the local workforce rather than expect pan-regional solutions to provide the answers to

Black Country problems. The panel commented that too many young children lacked school readiness, and this was embedding at an early age the disadvantages.

10. The review group used this data and information as an evidence base to help frame its questions for key witnesses.
11. In addition to the written evidence submitted, the review group conducted online face-to-face interviews with a range of key witnesses to gain their understanding and insight into investment in the Black Country and whether the recovery proposals were likely to meet the needs of the Black Country sub-region. This helped build a better understanding as to whether the Black Country was getting a 'fair deal'. These key witnesses were:
 - Councillor Wasim Ali (Deputy Leader of Sandwell Metropolitan Borough Council)
 - Councillor Ian Brookfield (Leader of the City of Wolverhampton Council and WMCA Portfolio Lead for Economy & Innovation)
 - Julia Goldsworthy (Director of Strategy, WMCA)
 - Helen Martin (Director of Regeneration & Enterprise, Dudley Metropolitan Borough Council)
 - Sarah Middleton (Chief Executive of the Black Country Consortium)
 - Julie Nugent (Director of Productivity and Skills, WMCA)
 - Councillor Stephen Simkins (Representative of the Association of Black Country Authorities)
 - Tom Westley (Chair of the Black Country Local Enterprise Partnership)

Emerging Themes and Considerations

12. During the consideration of the written and oral evidence gathered during the course of the review, a number of broad themes emerged.

Funding and Resources

13. It was clear that access to external funding sources was a key driver for securing the economic rejuvenation that the Black Country needed. Local authorities, the WMCA and the LEP were not funded sufficiently to be able to adequately drive economic regeneration themselves or to bring about the transition in jobs and skills that communities in the Black Country needed, and therefore the ability to attract funding into the region was the single biggest factor in being able to drive local economic development that properly addressed need. It was clear that the Black Country needed economic interventions that are reflective of the differing needs and requirements of the Black Country.
14. The review group heard concerns that public investment was often short-term and disjointed although this was often a function of the need to bid for external funds, which in turn drove a project by project approach. The review group heard calls for a 'whole place' strategy to be developed, financed and implemented to better align investment across local authorities, LEP and WMCA. There was a concern that the region's local authorities were not always joined up in their plans, and that more strategic alignment could result in securing greater funding.

15. There was a strong sense that when funding had been secured, it was not at the scale necessary to fully tackle the needs of the region. An asset-backed approach was needed that recognised what was distinct within the different parts of the Black Country and how this distinctiveness connected to the economic geography of the region.

Learning and Skills

16. The importance of education and skills became increasingly apparent during the scrutiny review. The review group repeatedly heard of the need for skills and training pathways to enable the communities within the Black Country to gain meaningful employment and develop a career path. This need was only strengthened by the lasting impact of COVID-19 on the local economy. The importance of upskilling people to take advantage of new and innovative technologies was highlighted.
17. The review group was alerted to the importance of public authorities collectively adopting a 'whole life' approach to education and skills needs. Too many young children were said to be lacking school readiness, and this was embedding at an early age the disadvantages that would impact individuals when they were seeking employment as well as the wider economic productivity capacity of the Black Country. It was important that the Black Country LEP gave greater recognition to this in its planning and strategies.
18. The education and skills offer was reported to be disconnected from the lived experience of too many residents. The Black Country was a region that had skills, but had low educational qualifications and consideration needed to be given as to how prior learning was used to bring out the competences and skills that residents had gained through their lived experience. The value of employer engagement that sought to ensure that skills obtained outside of formal qualifications were recognised during the recruitment process was highlighted.
19. The review group heard of the work being undertaken to identify the mix of skills likely to be needed by employers both now and as the implications of the UK's withdrawal from the European Union became more evident, the engagement with businesses within the Black Country, regulations and incentives driving the behaviour and attitude of employers, the merits of qualifications compared to practical skills, the WMCA's focus on matching the unemployed to vacancies, engagement with businesses to achieve high level skills and removing funding barriers to enable an increase in the attainment of level 3 qualifications. This was particularly important given the expected impact of Brexit to businesses in the region.
20. As a result of the COVID-19 pandemic, there was significant concern that younger people could be further marginalised due to the strong competition for employment caused by an increase in rates of unemployment. The importance of a new updated regional skills plan become apparent, along with the need to set out a new social economic landscape accompanied by an efficient supply chain for skills. This, along with the development of career pathways, was considered to provide a more joined-up regional approach.

Governance and Responsibility

21. The review group considered the role and scope of the Black Country's collaborative structures, including the Black Country LEP and Association of Black Country Authorities. It was felt there could be confusion around the role of different bodies within the Black Country, with the jigsaw of LEP, ABCA, local authorities and the WMCA making the setting of a single vision and economic strategy a challenge. In extreme cases, these bodies might all have different (even competing) objectives and solutions.
22. The review group acknowledged that the Black Country had a 30 Year Vision, but that this was published in May 2003 and there had been significant changes in the economic landscape in the 17 years since then. It was not clear that this vision was still collectively owned and reflected the current need and requirement of the Black Country region, nor was it aligned to subsequent economic strategies within each borough. The frustrations of some of the key witnesses and members of the review group about this fact was apparent.
23. The review group also noted the LEP's focus on developing high value growth areas. The review group was keen to be reassured that all economic sectors within the Black Country were given the opportunity to grow and develop to take advantage of emerging economic sectors. The review group stressed the importance of all partners championing the needs of the broad diversity of businesses that make up the region.

Structures and Interdependencies

24. The review group received strong representations that the Black Country had a clear sense of self-identity and that many of the structural problems linked to economic growth were apparent across its four local authority areas. This spatial geography and shared complexity required close strategic alignment between its public authorities in order to tackle the problems that had been recognised. Some local authorities have also been proactive in working with other authorities outside of the Black Country on issues of mutual interest.
25. The review group considered whether more clarity was needed when there were opportunities in common and when there needed to be greater focus on the distinctiveness of each local authority area. It was also recognised that measuring success through GVA could have the effect of hiding other social and economic challenges within communities.

Recommendations

26. After considering the written and oral evidence presented to it, the review group considered that there were a number of clear and consistent themes to have emerged to justify a series of recommendations that could be considered by the WMCA Board. These recommendations reflect the broad weight of evidence received and are therefore considered to be worthy of more detailed consideration by the relevant authorities.
27. In making these recommendations, the panel would like to thank all those councillors and officers who gave their evidence in an open and collaborative spirit. Members of the review panel saw a clear willingness from all those involved to contribute positively to the scrutiny review and were encouraged by the commitment shown by all participants to improve the communities and economy of the Black Country.

28. The recommendations fall under four key areas of activity:

(1) Coherence of the Funding Landscape

Complex funding streams and processes can hinder delivery of impactful projects. Future devolution agreements need to simplify funding to the region and ensure funding is available where it is needed. The importance of the speed and urgency in rectifying this could not be overstated by the review panel.

(2) Scaling-up immediate support for businesses and people whose jobs were at risk

- The need to urgently review regional skills plan that provided a clear strategy for career pathways.
- The WMCA needed to review and understand the updated publication from the New Policy Institute that identified key information regarding the state of 'economic justice' in Birmingham and the Black Country local authority areas and assess whether its policies addressed the challenges identified in the report. This updated version of the report was published on 1st February 2021 and an Executive Summary is attached as an appendix. The [full report](#) is available from the Barrow Cadbury Trust website.
- The need for an employment taskforce to address the economic needs of the Black Country.
- The WMCA should consider brokering a region-wide common understanding and vision for the skills, training and employment needs of the Black Country.

(3) Working towards a long-term, whole-life approach

Recognising that many residents in the Black Country were born, work and then retire in the Black Country, a more joined-up whole-life approach to targeted support needs to be implemented throughout public authorities and other stakeholders in recognition of the inter-dependency between education, skills, employment and health.

(4) Co-ordination, governance and accountability across the Black Country

- The Black Country's economic, social and wellbeing outcomes were interlinked and co-dependent. It was therefore vital that decisions made by the region's public bodies were joined up, and best practice shared widely.
- Local authorities were most likely best placed to understand the needs of localities. It was important therefore that the structural architecture existed that enabled this knowledge of place to shape wider regional economic strategy. The review group were unpersuaded that this architecture currently existed in a robust enough state, and this might therefore be something that required a more in-depth scrutiny review to be undertaken during the coming year.

Financial Implications

29. There are no direct financial implications immediately arising out of the recommendations contained within this report.

Legal Implications

30. There are no direct legal implications immediately arising out of the recommendations contained within this report.

Equalities Implications

31. There are no direct equality implications arising out of the recommendations contained within the report.

Inclusive Growth Implications

32. There are no direct inclusive growth implications arising out of the recommendations contained within the report.

Geographical Area of Report's Implications

33. The report relates to the Black Country area, comprising the Constituent authority areas of Dudley, Sandwell, Walsall and Wolverhampton.

Other Implications

34. There are no further specific implications arising out of the recommendations contained within the report.