



West Midlands Combined Authority

Strategic Economic Development Board Meeting

Thursday 11 March 2021 at 10.00am

Notes

Members

Greater Birmingham & Solihull LEP	Tim Pile (in the Chair)
Black Country LEP	Tom Westley
Coventry & Warwickshire LEP	Sarah Windrum
Cabinet Portfolio - Economy & Innovation (City of Wolverhampton)	Councillor Ian Brookfield
Dudley MBC	Councillor Angus Lees
Sandwell MBC	Councillor Danny Millard
Solihull MBC	Councillor Ian Courts
Walsall MBC	Councillor Adrian Andrew
Warwickshire CC	Councillor Peter Butlin
WM Universities	Prof John Latham
Higher Education	Prof Sir David Eastwood
Further Education	Andy Dobson (Halesowen College)
Automotive Sector	Prof David Keene
Creative Industries Sector	Anita Bhalla
Low Carbon Technologies Sector	Dr. Michaela Kendall
Construction Sector	Sat Nijjer

Officers in Attendance

Black Country LEP (Metals & Materials)	Colin Leighfield
Black Country LEP (Metals & Materials)	William Smith
Black Country LEP	Sarah Middleton
Black Country LEP	Prof Delma Dwight
City of Wolverhampton	Charlotte Johns
Coventry & Warwickshire LEP	Paula Deas
Coventry & Warwickshire LEP	Jordan Dowthwaite-Clark
Coventry City Council	Andy Williams
Greater Birmingham & Solihull LEP	Ed Watson
City of Wolverhampton	Charlotte Johns
West Midlands Combined Authority	Julia Goldsworthy
West Midlands Combined Authority	Annie Kehoe
West Midlands Combined Authority	Julia Nugent
West Midlands Combined Authority	Rebecca Riley
West Midlands Combined Authority	Jonathan Skinner

**Item
No.**

174. Apologies for absence

Apologies for absence were received from Councillors Matthew Dormer, George Duggins, Izzi Seccombe and Ian Ward.

With regard to new Members the Chair welcomed Anita Bhalla, Andy Dobson, Prof David Keene and Dr. Michaela Kendall.

175. Declarations of Interest

No declarations were made.

176. Notes of the Strategic Economic Plan Board Meeting held 20th January 2021

Resolved:

That the notes of the meeting held on the 20th January 2021 be approved as an accurate record.

177. SED Board Tracker Log

Resolved:

That the SED Board Tracker Log be received and noted.

178. Forward Plan

The Chair advised that the Forward Plan continued to be refined as required.

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

179. West Midland CA Covid Economic Monitoring – WM Redi weekly monitor 5th March 2021 and the updated SED Board Economic Dashboard

Rebecca Riley provided an update highlighting the headline figures, to include: -

- Youth claimant count was improving – although was twice as high as 12 months previously;
- Business Index had increased to 51.1 – following post Brexit dip;
- Apprenticeship numbers – evidenced that employers were switching from apprenticeships to the Kickstart scheme.

In respect of the impact of Covid, as well as the general negative impact on economic, Rebecca Riley advised that it had accelerated wider economic inequality, with twice as many women in low paid employment; reduced employment for women, with 70% having had furlough denied; impact on mental health, especially young women.

In respect of the Megatrends work, Rebecca Riley advised that the first phase of the work was completed in relation to mobility in city centres and the important challenges were increasing the mixed use of centres for communities, culture etc. There was an increasing demographic divide from the impact of Covid and climate change remained a challenge across the board.

The Chair stated that the data challenge had met been met but advised that it must lead to identifying actions to tackle the problems, especially regarding youth unemployment.

Sarah Windrum agreed with the need for actions and stated that they could be refreshed and reinvigorated through the private sector board members. She advised that the Board could be used as a conduit to what the private sector could do rather than await Government to shape interventions.

Anita Bhalla observed that Covid-19 had highlighted health inequalities and that there would also be a need for physical and mental health interventions.

The Chair reiterated the need to have actions to address the identified issues rather than just acknowledge and note them.

Julia Goldsworthy stated that there was a need to develop the agenda so that it would provide an opportunity for people to say what actions they were taking in their work places to tackle the identified economic impacts created by the pandemic and the inequalities exacerbated by the pandemic.

Julia Nugent advised that work of the WMCA Jobs and Skills Board were undertaking work on public sector interventions and Kickstart was supporting retraining.

Councillor Peter Butlin stated that in Warwickshire they had recognised the issues of rising unemployment, mental health issues and the inequalities. He stated that in Warwickshire they had £140m available for businesses which should support 4,000 jobs and create 2,000 more. He highlighted that through C&WLEP work was being undertaken on reskilling as pre-Covid there had been 2% unemployment but once furlough ended it was estimated that it would rise to 10%. There were a lot of start-up businesses and money had been made available to help them. Noting that Mental Health issues had risen significantly he advised that a job helped alleviate some pressures and advised that they were also focussing on assistance for youth unemployment, given the impact on young people. He suggested that they all share their capability and initiatives across the region.

Prof. David Eastwood stated that spending as part of the recovery would be crucial to tackle job creation, as well as investment.

Resolved:

- 1) That the Board note the Economic Dashboard data and Covid Impact dashboards; and
- 2) That the Board ask that the regional partners identify actions being undertaken at their respective levels, that is Combined Authority, Local Authority and LEPs to tackle the issues highlighted across the WMCA geography.

180. Policy context and development

- **Latest economic intelligence**
- **PM's Roadmap out of Lockdown**
- **3rd March Budget and Government's 'Plan for Growth'**
- **Levelling-Up Fund**
- **UK Community Renewal Fund (linked to the UK Shared Prosperity Fund)**
- **The Community Ownership Fund**
- **Skills for Jobs White Paper**
- **Covid 12-months On**

Covid 12-months on

In respect of Covid-19, 12 months on, Jonathan Skinner advised that there had been a review on how partners had come together on the economic and social issues that had arisen, with consideration of how to reset priorities for the future. It was noted that there had been a disproportionate impact on the West Midlands, given the growth trajectory that the region had been on pre-Covid. Lessons had been learnt and there was a need to understand the impact and take action, whether at a City level, referencing the Wolverhampton initiative - 'Relighting our City'8 plan brings the city together, with 2,500 people directly shaping the key priorities for its recovery, or at sub-regional level to include LEPs and collective work. The pandemic had highlighted that the economy was not as resilient as it could have been and Covid had exacerbated inequalities thus there was a need for public and private investment to meet the following five key challenges: - Delivering Good Jobs; Thriving Places and Communities; Securing Green Ambitions; Tackling Inequality and Levelling Up; and Preventing a Lost Generation.

In meeting these challenges there was need to reset the strategy and priorities, particularly following the implications from the budget where the "Plan for Growth" superceded the industrial strategy.

Sarah Windrum stated that it was crucial that action was taken at the right spatial level, such as the CA level where Infrastructure needed to be done at scale to include digital (WM5G) and other initiatives at local level, where the CA could take best practice and share across the region. With the Covid 12-months on update, she stated that there should be consideration of the five challenges and at what level relevant actions should be undertaken to meet the challenges.

Jonathan Skinner agreed with the premise of relevant actions being undertaken at the correct spatial level and highlighted the business support paper in regard to how local authorities distributed business grant.

The Chair noted that different bodies operated at different spatial levels, which should be reflected in the actions to be undertaken. He observed that the pandemic had acted as an accelerant, amplifying and accelerating underlying issues, such as inequalities that had existed. There was a need to consider what success would look like in two years' time and commented that he still did not get a sense yet of what actions were to be undertaken to address the issues highlighted by the monitoring.

Councillor Peter Butlin stated that pre-Covid it had been agreed that town centres needed to re-invest to become "experience centres" and highlighted work across Coventry, Nuneaton and Leamington Spa.

Councillor Ian Brookfield agreed that there inherent issues and that this presented a bridging paper, as there were plans to consider and also to consider at what level actions should be taken. He stated that the next steps would be taken in partnership.

3rd March Budget and Government's 'Plan for Growth'

Julia Goldsworthy, referenced the big national announcements published alongside the budget to include the Plan for Growth, which was a successor to the Local Industrial Strategy. These announcements were made across the following three themes - Business and people; Fixing public finances; and Building future economy. Along with the Plan for Growth there were announcements on future funding across the Levelling Up Fund (£600m capital); the UK Community Renewal Fund and the Community Ownership fund.

Anita Bhalla referenced the Community Ownership Fund and stated that there was a need to consider how it could be used to support further local business rate holidays etc and be made more attractive to the voluntary and community sectors. Julia Goldsworthy advised that there was match funding available up to £250,000 thus it was for all partners to consider that the fund could be used for and stated that the first bidding process would commence in June.

In respect of announcements associated with the Budget, it was noted that there was to be a review of LEPs, with one element being the geographies. The Chair stated that the Terms of reference of the Review were to be issued quickly, noting that there was a desire in Government to resolve the geography debate and the model of devolution. Whilst he acknowledged that there were a number of positive statements issued around the review. He stated that there was a need to see the "deeds and actions" and stated that the Terms of Reference would be shared with partners when received.

Skills for Jobs White Paper

Julie Nugent noted that the Skills White Paper contained a lot of ideas and that the CA were keen to bring it together with partners, to include the CBI, LEPs and local authorities. She stated that it represented £3m for the region and highlighted that there was other funding available for level 3 qualifications, which could be used to support individuals and employers through training. The chair welcomed the collaborative approach.

Resolved:

That the SED Board: -

- 1) Note the latest economic intelligence about how the Covid-19 pandemic and introduction of the Trade and Cooperation Agreement have affected the region's economy.
- 2) Note implications for the West Midlands of the Prime Minister's Roadmap, 3rd March Budget including the launch of the government's 'Plan for Growth', Levelling-Up Fund prospectus and UK Community Renewal Fund prospectus
- 3) Endorse the response and recovery planning undertaken to date, in relation to Covid-19.

181. **Business and Tourism Programme**

(The Chair agreed to the early consideration of this item)

Roger Mendonca highlighted the strategic aims and objectives the underpinned the Business and Tourism Programme: -

Aims

- To promote the West Midlands and the wider UK as a world-class destination for tourism, trade and investment.
- Drive long-term economic benefit and boost the UK's global reputation.

Objectives

- Increase positive perceptions of the UK and the West Midlands, with Commonwealth Governments and businesses in key markets.
- Raise awareness of the destination brand across the Great Britain campaign and core markets Boost Economic benefits for the UK through exports, ODI and FDI Deliver economic growth through incremental business and leisure tourism, which could generate an additional £53m of GVA for the UK, of which £30m would be towards the West Midlands economy
- Creating 1,100 additional FTE jobs net, of which 700 would be in the West Midlands, noting that this represented an overall return on investment for the UK taxpayer of around £2.40 for every £1 invested
- Provide a gateway for the UK to grow our relationship with wider Commonwealth Nation.

He highlighted the potential economic benefits realisation to the region and the involvement of DIT and VisitBritain as two of three delivery partners, with the WM Growth Company, covering ten workstreams, highlighting that the international element had placed a greater emphasis on digital since Covid.

The Chair welcomed the impressive programme and noted that it provided a significant scale of opportunity for the region.

Paula Deas welcomed the information provided and stated that there was an opportunity for partners to join up with the Programme and share their respective intelligence and experience.

Resolved:

That the SED Board receive and note the update on the Business and Tourism Programme.

182. Minutes of the Tourism Board held on 8th February 2021

(The Chair agreed to the early consideration of this item)

Resolved:

That the SED Board note the minutes of the Tourism Board held on 8th February 2021.

183. West Midlands Business Support

Paula Deas provided the background to the review of business support and highlighted that the three LEPs and the WMCA had commissioned Metrodynamics to work with the four WM partners to undertake the review.

She advised that at present the project was in the research phase, which included: -

- Drawing together existing evidence on current use, penetration, perception and feedback;
- Establishing comparators / alternative case studies;
- Pulling together strategic case for change and the proposition for the role that business support in WM should play in longer term economic goals and Covid 19 recovery – linked into wider industrial / economic strategy aims around productivity, sector growth, zero carbon, business investment etc.;
- Beginning to develop outline options internally

The Chair asked if Metrodynamics were providing evidence of best practice elsewhere. He welcomed the shared learning approach, noted the future of business support was high on the Government's agenda to drive recovery and observed that an outcome should be to make inward investment much better.

Councillor Ian Brookfield stated that the outcome of the review needed to be transformational and to set business support for the next generation.

Paula Deas thanked Members for their comments and advised that there had been conversations around utilising Artificial Intelligence to provide intuitive business support.

Resolved:

That the SED Board: -

- 1) Note the comments on the progress to date on the review of the West Midlands Business support commission; and
- 2) Note the comments on the next steps in relation to the timetables set out in Appendix One and Two.

184. Sector Risk Matrix

Ed Watson highlighted that the report detailed the risks that were faced by the priority sectors in relation to both Covid 19 and the new trading relationships with the EU. The report also detailed the actions and next steps which it was suggested needed to be taken by all partners across the WM geography in order to address these risks and support Growth.

He referenced the following two tables in the report: -

- EU Exit Headline Sector Risk Assessment – West Midlands – which detailed the RAG rated current or potential “teething problems” but more significantly also detailed longer term structural changes; and
- Covid-19 Headline Sector Risk Assessment – West Midland – which detailed the Rag rated risks to future growth.

It was noted that across both tables Manufacturing, Retail and Transport and logistics were both adversely effected. In respect of Covid then the Cultural Economy and Hospitality sectors were adversely effected.

In respect of the potential West Midlands actions to reduce key issues across sectors, he highlighted the areas identified by the CA, LEPs and partners: -

Prof David Eastwood commented that he was surprised the Creative Industries was only a medium hit, as he felt the Brexit impact was high not medium. Ed Watson advised that there was anecdotal evidence that these sectors had been impacted. The Chair commented that as a sector, it was fragmented and noted that whilst an element of the sector had been adversely impacted the gaming element, had been less impacted, hence a medium rating.

Anita Bhalla commented that because the Creative, Arts and Culture sectors were all linked in together, then a true picture of the impact was not being provided.

The Chair accepted that in certain sectors, as highlighted there was a need to look at individual segmentation of elements of the sector to provide evidence for what interventions were required.

Resolved:

That the SED Board: -

- 1) Note the comments on the sector risk analysis and its conclusions in relations to the level of risk presented.
- 2) Note the comments in relation to undertaking further segmentation of sectors to ensure the interventions meet the requirements.

185. Sector Plans – Retail and Hospitality

Kate Hughes provided detail on the impact on the Retail and Hospitality sectors, highlighting that they represented high risk in terms of future economic growth.

Arising from the budget, it was highlighted that there were: - new £5bn *Restart* grants for high street shops, hospitality and leisure firms in England - £6,000 each for non-essential retail and grants of up to £18,000 per hospitality premises; Business Rates – 100% holiday would be extended for a further 3 months to the end of June and for next nine months to March 2022, they will be cut by two thirds; VAT – 5% reduced rate for hospitality and tourism businesses extended for 6 month to 30 September, and then at interim rate of 12.5% for a further 6 months; the Furlough scheme had been extended to end of September 2021, with businesses asked to contribute 10 per cent of salary from July, rising to 20 per cent in August and September; new £520m *Help to Grow* schemes for SMEs from Autumn 2021, to support innovation through management training (90% costs covered) and free expert digital advice with 50% discount on productivity enhancing software up to £50,000; Alcohol duty would be frozen for another year; Contactless payments to be increased to £100; new *Loan Recovery Scheme* for Traineeships and Apprenticeships, etc.

Regional opportunities and initiatives included: - re-purposing of town and city centre premises, more residential development and new working patterns supporting new showroom/specialised retail, leisure, cultural, recreational and hospitality experiences; innovative multi-purpose futures for out-of-town retail parks, other suburban/local centres; growth in e-commerce and online retail – new demographics, new customer relationship models, long-term impact, access to global markets, new start-ups; Major events: City of Culture and Commonwealth Games with a drive to attract domestic and international visitors; and mobility innovations – place integration and micro-mobility solutions to enhance ease of travel and accessibility to boost footfall.

Kate Hughes highlighted that there were number of parallel activities to encourage people to spend and return to these sectors.

Councillor Ian Courts referenced the actions and place-based activities to attract people back to the sectors and advised that some interventions would take longer in what they could do. He referenced Solihull and the need to improve some of the streets and with reference to the Commonwealth Games highlighted that there was a need to pull together a programme of events that would lead up to that.

Julia Goldsworthy in respect of the retail and hospitality sectors there was a need for a re-animation of the city and town centres. Once re-opened there would be a need to review the impact of the interventions.

Resolved:

That the SED Board: -

- 1) Note the challenges and opportunities detailed in the presentation; and
- 2) Receive a further report on the interventions after the retail and hospitality sectors had reopened.

186. Sector Plans – Metals and Materials

Colin Leighfield and William Smith provided an overview of the sector and what it contributed to the regional economy. In terms of the impact of Covid and the EU exit they highlighted: -

- Whilst, hit by demand shock of reduced production in wider sectors, businesses on these sectors had generally remained open and busy.
- Diversification opportunities had been taken – e.g., in health / life sciences.
- Cashflow problems were much like other sectors, but more affected by price rises in raw materials (steel, copper, nickel etc) and supply difficulties from Far East amid “container crisis”.
- Trade issues associated with UK-EU deal: decreased ease of flow of essential parts and components, and increased costs, due to:
 - Rules of Origin: in complex global supply chains, determination of origin could be very difficult;
 - Reverse VAT charging;
 - Customs checks and quotas (e.g., for steel), could cause holdups and costs and were no longer barrier free;
 - Poor supply of raw materials and chemicals;
- Previous slickness now peppered with risk which may reduce competitiveness, with SMEs being hit hardest, but also the hardest to engage with.
- Opportunities in recovery through infrastructure investment and sector revivals / reshoring potential. UK manufacturing needed be central to the post-Brexit/Covid recovery UK economy and critical to the Gov’s Plan for Growth.

There were four priority areas they had concluded where the Metals and Materials sector required a call to action: -

Fair Procurement Opportunities

- Influence the procurement processes of major projects to ensure they better suit the needs of local metals/materials SMEs, and retain investment into UK businesses.
- Support long-term investment in local content, including through State Aid rules and properly implementing the balanced scorecard so that they reflect SMEs from lower tiers.
- Help industry develop stronger supply chains to attract investment and contract awards.

Decarbonisation & Energy Competitiveness

- Lobby for a fairer settlement on energy pricing to improve competitiveness.
- Develop and disseminate effective net zero roadmaps to support a whole sector transition to new technologies (demand-side).
- Develop and extend support to ensure firms can carry out processes net-zero (supply-side).

Improving Skills

- Develop a business engagement-led skills strategy, replicating the model successfully adopted in Germany by raising the resources and profile of trade federations / bodies.
- Provide better matching of skills supply and industry demand.
- Increase the number of new entrants to the sector, including more diversity, and harnessing high unemployment to attract young people.
- Uplift branding of the sector to widen talent pool – e.g., attracting creatives for design.

Transition to New Markets and Technologies

- Provide additional and ongoing support for firms struggling to implement new trade requirements, including on rules of origin and reverse VAT charging.
- Generate a closer working relationship between existing innovation assets and metals/materials SMEs, e.g., through WMIP, challenge-led innovation support.
- Develop a narrative and campaign to support manufacturing reshoring in the UK.

Tom Westley welcomed the call for action and reinforced the need for a review of energy costs as businesses across the sector were being adversely impacted. In respect of the EU exit he advised that the bureaucracy impact was now taking 3-5 weeks as opposed to 4 days previously.

Councillor Peter Butlin observed that industries across the Metals and Materials sector were not a levelling playing field with their EU counterparts.

The Chair noted that the work on Repowering the Black Country was a key element to reducing energy costs for the sector.

Resolved:

That the SED Board note and support the four priority areas for the Call for Action - Fair Procurement Opportunities; Decarbonisation & Energy Competitiveness; Improving Skills; and Transition to New Markets and Technologies.

187. Date of Next Meeting

Resolved:

That the SED Board note that the next meeting would be held 11th March 2021.

The meeting closed at 12.05pm

Chair