



West Midlands Combined Authority

Strategic Economic Development Board Meeting

Thursday, 28 October 2021 at 2.45pm

Notes

Members

Greater Birmingham & Solihull LEP
West Midlands Combined Authority
Cabinet Portfolio - Economy &
Innovation (City of Wolverhampton)
Black Country LEP
Dudley MBC
Redditch BC
Solihull MBC
Warwickshire County Council
WM Growth Company
Automotive
Construction
Higher Education

Tim Pile (Chair)
Andy Street, Mayor

Councillor Ian Brookfield (in the Chair)
Tom Westley DL
Councillor Ian Kettle
Councillor Matthew Dormer
Councillor Ian Courts
Councillor Peter Butlin
Matthew Hammond
Professor David Keene
Sat Nijjer
Professor David Eastwood

Officers/observers in Attendance

Solihull MBC
Black Country LEP
Black Country LEP
Black Country LEP
City of Wolverhampton
Coventry City Council
Coventry & Warwickshire LEP
Coventry & Warwickshire LEP
Coventry & Warwickshire Growth Hub
Greater Birmingham & Solihull LEP
EY
Warwickshire County Council
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority
West Midlands Combined Authority

Councillor Karen Grinsell
Sarah Middleton
Prof Delma Dwight
Charlie Hopkirk
Tim Johnson
David Hope
Paula Deas
Andy Davis
Phil Peake
Ed Watson
Sarah Phillips
David Ayton-Hill
Julie Nugent
Josef Galkowski
Jonathan Skinner
Joseph Baconnet

**Item
No.**

41. Chair's Announcement

The Chair stated that, following the WMCA Governance Review, it was proposed that the Strategic Economic Development (SED) Board which was an advisory board would be replaced by an elected Member led board, the Economic Growth Board and advised that the WMCA Mayor, Andy Street, would join the meeting at approximately 3.00pm to make a formal announcement. He took the opportunity to thank Members of the SED Board and of the former incarnations of the board, that is the former Combined Authority Strategic Economic Plan Board and the former Combined Authority 'Super' Strategic Economic Plan (SEP) Steering Group for their contributions to the economic growth and latterly economic recovery agendas for the region.

Resolved:

That the Chair's announcement be noted.

42. Apologies for absence

Apologies for absence were received from Councillors George Duggins, Izzi Seccombe and Lisa Trickett and from Anita Bhalla, Andy Dobson, Professor John Latham, Mandy Thorn and Sarah Windrum.

43. Declarations of Interest

No declarations were made.

44. Notes of the Strategic Economic Plan Board Meeting held 10th September 2021

Resolved:

That the notes of the meeting held on the 10th September 2021 be approved as an accurate record.

45. SED Board Tracker Log

Resolved:

- 1) That the SED Board Tracker Log be received and noted; and
- 2) That the Tracker Log be submitted to the WMCA Governance Team.

46. Forward Plan

Resolved:

That the Forward Plan detailing the future work programme of the SED Board, be submitted to the WMCA Governance Team to assist with the work programme of the, soon to be established, Economic Growth Board.

47. WM Business Support Review (link in with Account Management)

The Chair agreed to the earlier consideration of this item.

Members were advised that the report contained three recommendations

- Note the progress made to date of phase 2a of the West Midlands Business support review outlined in section 1.

Members were advised that work had been progressed with the Project Manager, Phil Peake, being appointed on the 20th September and currently a draft schedule of Deliverables and Pillar Delivery Group (PDG) membership has been submitted to the WM Growth Company and was awaiting feedback and approval. Members across the region would include the three WMCA LEPs/Growth Hubs, the WMCA, the local authorities, universities, WM Growth Company, BRO's and other support providers.

- Note the West Midlands Business support review is a potential element of the work programme of the emerging Economic Growth Board; the establishment of which is subject to agreement at the 19th November WMCA main board.
- Agree the approach within the Pillar Delivery Groups outlined in the report as Phase 2a, in order to ensure momentum is maintained and that deliverables are achieved

Members were advised of the four pillar delivery groups for the new Business Support Eco-System – Integrated Customer Journey; Consistent West Midlands Offer; Targeted Premium Products; and a Campaign to Drive Take up. The approach would ensure that it did not matter which way a business entered the ecosystem as their experience would be consistent and the impact for the business was maximised. The desired outcome for phase 2a of the project was to fully scope, cost and plan the implementation of a Business Support Ecosystem across the West Midlands, built around the four pillar delivery groups (PDG) with specific deliverables. The lead and membership of each of the PDGs was nearing completion and early discussions with stakeholders had highlighted a passion to take forward the agreed recommendations from the initial phase of Business Support Review, as well as highlighting new and already covered perspectives which had not been unexpected.

There were a number of external factors which would be assessed and reported through the relevant governance with a constant focus on what modern businesses expect, these included: -

- Outcome of LEP review;
- Outcome of Comprehensive Spending Review;
- National Business Support review;
- Levelling Up White Paper;
- UK Shared Prosperity Fund announcement;
- European Regional Development Fund wind down; and
- The proposal for the WMCA SED Board to be replaced by a decision-making body, as opposed to an advisory body, the WMCA Economic Growth Board.

Whilst the Review represented a good solid start, resolve would be required amongst partners to adhere to the original plan.

The Chair welcomed the progress of the Review, highlighting that the 4 Pillars made great sense.

Councillor Ian Brookfield supported the comments and noted that the work had commenced at the behest of WM businesses and that the four Pillar approach could be rolled out across the region. He noted that the review had considered business support models in Denmark, Scotland and amongst other Combined Authorities.

Resolved:

That the SED Board: -

1. Note the progress made to date of phase 2a of the West Midlands Business support review outlined in section.
2. Note the West Midlands Business support review is a potential element of the work programme of the emerging Economic Growth Board; the establishment of which is subject to agreement at the 19th November WMCA main board.
3. Agree the approach within the Pillar Delivery Groups outlined in section 2 in order to ensure momentum is maintained and that deliverables are achieved.

48. Policy context and development

- **Spending Review and future growth priorities**

The Chair agreed to the earlier commencement of this item.

Members were advised that the CA team were working through the detail of the Spending Review statement from yesterday but that for the region there had been good announcements on transport, promising announcements on skills and Levelling Up projects. In respect of the biggest challenges these were tied into the Levelling Up agenda and the “mood music” with civil servants was optimistic. It was agreed that a note be sent to Board Members when the statement had been fully reviewed.

The Chair observed that the Levelling Up white paper intelligence he was aware of indicated that there could still be significant delays. Julie Nugent advised that the CA were aware the announcement could be pre-Christmas or possibly the new year, as she was aware the newly appointed Secretary of State wanted to undertake a proper review of the paper.

Paula Deas advised that there was a need to read through what funding was already in place and what was new funding announcements and reflecting on the 11 projects announced for the WM, were these the projects that had been expected. Julie Nugent advised that there would be further analysis.

(NB Consideration of this item was paused for the Mayor to join the meeting.)

49. West Midlands Combined Authority Economic Growth Board and Transition from SED Board to Economic Growth Board

The Mayor thanked members of the WMCA SED Board, both past and present for the work of the Board over the 5 years of its existence and advised that going forward, assuming that the WMCA Board would accept the Economic Growth Board (EGB) and streamlined governance proposals at their meeting on 19th November 2021, the new Board, chaired by the Cabinet Portfolio holder for Economy and Innovation, Councillor Ian Brookfield, would undertake the economic growth agenda on behalf of the CA. He stated that whilst the SED Board had been an advisory body to the CA, the Economic Growth Board would be decision making with a number of delegated powers, to include: -

- such well-being powers as were set out in sections 99 and 102A of the Local Transport Act 2008, in order to promote economic growth and such powers could be exercised in conjunction with general powers granted to the Combined Authority by virtue of Section 113A of the Local Democracy Economic Development and Construction Act 2009 (as amended by the Localism Act 2011); and
- to exercise functions relating to economic growth including the development of regional economic strategy and implementation.

However, he stated that the voice of the private and academic sectors would remain on the Board. Thus, the CA would take the best learnings from the SED Board but bring it firmly into the CA governance structure, with the WM Growth Company also having a place on the new Board.

Councillor Ian Brookfield agreed with the Mayor's sentiments and thanked everyone that had worked on the SED Board but stated that given the importance of economic growth to the region's economy it was important that it was at the mainstream of the WMCA, so that decisions could be made and he expressed the hope that one of the LEP Chairs would undertake the Vice-Chair role on the newly constituted Board.

The Chair agreed that economic growth should be at the heart of what the CA did and noted that for economic growth to succeed the "Ying and Yang" of the private and public sectors was required.

15.20 Mayor

The Chair advised that he would be interested in the strategic management of the EGB agenda in respect of cluster and sector work and the Plan for Growth and whether there would be any material changes.

The Mayor advised that the Plan for a Growth was a critical piece of work that would be central to the work programme of the EGB. In respect of clusters and supply side work, these were supported through the monitoring Boards that currently fed into the SED Board.

Councillor Ian Brookfield stated that the EGB would have responsibility and ownership of the economic agenda to make the leap forward and reiterated that it would be a delivery board.

Sir David Eastwood commented that the academic representation would be better aligned through discussions with the universities, rather than the CA choosing a postholder, i.e., the Chair of the Universities of the West Midlands. The Mayor advised that that had been the original principal but conceded that he would take the view of Vice Chancellors. Sir David Eastwood advised that four of the Universities of the WM were not in the CA region, so suggested that the CA use the body as their conduit but to not specify who would take the role.

The Chair concurred with Sir David Eastwood's comments but commented that he felt the Further Education (FE) College's voice was required as it was not just intellectual capital required but other capital i.e., skills – which would provide the EGB with the triple helix of public, private and academic sectors partnership. Sir David Eastwood advised Members that the one of the WM universities owned an FE college.

Julie Nugent advised that the EGB would also link in with skills, housing and transport and, whilst welcoming the suggestions for additional membership, noted that there were other areas that needed to link in with the economic and innovation portfolio.

Councillor Ian Courts reminded Members that the EGB should also include the Green Growth agenda.

Resolved:

That the SED Board

1. Note the in-principle decision by the Mayor and Met Council Leaders for the Combined Authority (CA) to create an Economic Growth Board as a sub-board of the WMCA with decision-making powers.
2. Note the approach to future business engagement as set out in the report.
3. Note the in-principle decision to stand down the SED board in the light of Recommendation at 1; and
4. Request officers to note and consider incorporating into the Terms of Reference of the EGB, the comments of the Board in relation to the Vice-Chair role; suggested future membership; and the suggestions for the future work programme.

51. Policy context and development

- **Latest Economic Conditions**
- **West Midlands Economic Impact Monitor 15th October 2021**
- **Spending Review and future growth priorities**

(**NB** this item was commenced prior to the Mayor's attendance and then continued thereafter)

The Mayor welcomed the opportunity to comment on the CSR and advised that there was no announcement on the HS2 eastern leg, which was big for the region and he advised that an announcement was expected in the second week of November. He observed that some of the areas of the CSR was old money re-announced **1529** but welcomed the second half of the debate which had provided additional resources for the region to include: housing funds; innovation funds – although there was a need to win the bidding round; and capital investments to include a new campus for Wolverhampton College. He noted that there remained residual issues for Solihull and Coventry as neither had been banded for Levelling Up funds. He concluded that it had been a high tax, high spend budget which represented a psychological change for the Conservatives.

The Chair noted that the risk element to the economy at present was inflation.

Councillor Ian Courts stated that there was an issue with big gaps in funding with the transition from ESIF (European Structural Investment Funds) there was a need for replacement funding for both Business and Employment support.

The Chair noted that within GBSLEP they had received nearly £1BN of EU funding over the last five years.

The Mayor noted that the announcement had been for £2.6BN nationally over the next three years, which he acknowledged was less than there had been and thus there was a need to consider how it was allocated going forward. The Chair commented that if the Government had replaced EU, as advised, then this would have been £15BN.

Paula Deas noted that the UKSPF had been couched around the adult numeracy multiplier and there was a need to explore the mechanics of nationally run programmes.

On a comment on centralisation, Julie Nugent advised that the DfE civil servants would be able to allocate funding better if they worked through the CA, which had local insight and local accountability.

Councillor Ian Courts advised that it represented an extra consideration for local authorities.

Resolved

That the SED Board:

1. Note that the verbal update on the Spending Review & Budget (announced on 27 October) and their implications for the West Midlands economy.
2. Note the latest economic intelligence and recent long-term forecasts for the West Midlands economy.
3. Note the comments of the Board regarding the input to the region's future economic priorities in response to the forecasts, arising from the presentation on the evolving 'West Midlands' Plan for Growth', which seeks to spark additional growth in those economic clusters where the market has confidence to invest and the region has competitive advantage.

52. West Midlands Growth Plan

Sarah Phillips provided a presentation on the Plan for Growth for the region across the three LEP areas, which included an analysis of what had been done. She advised that the West Midlands needed to bridge a £3.9bn gap by 2030 to be the fastest growing region of the UK outside of London. The gap to London is £6.7bn

EY's approach to the Plan for Growth sought to:

- Recognise the changing landscape as a result of COVID and BREXIT
- Leverage work already undertaken
- Balance qualitative and quantitative analysis

She advised that EY were currently at the validate and balance phase of the work and that the current investment of £0.75bn to £1bn would secure 15-20,000 jobs but that in order to match London the region needed 50,000 jobs. It was noted that the combination of cluster and associated interventions must deliver outcomes over multiple time horizons with complementary interventions to include: -

0-4 years – Short term - Optimise

- Target short-term priority clusters to drive job creation
- Mature clusters that can generate employment at scale with focused immediate investments
- Broader ecosystems of skills, infrastructure etc already in place to support rapid expansions

0-6 years – Medium Term - Deepen

- Target maturing clusters to drive sustainable job growth over medium term
- Focus on/ support growth of higher value-added clusters with higher wages, GVA etc through mixture of investment and development of extended ecosystems to create conditions for growth

0-10 year – Long term - Catalyze

- Target evolving and emerging sectors to meet future consumer preferences
- Place long-term bets to drive next horizons of growth and employment
- Support catalytic interventions to support early stage, high value clusters with significant potential for high/high value growth to gain critical mass

Sarah Phillips highlighted the 8 conclusions from the work undertaken thus far: -

- i. Maximum impact would be found in the short term by doubling down on existing activity and regional strengths.
- ii. Clusters which were low value were unlikely to move the dial in the long term.
- iii. There were areas of competitive advantage in the region which current plans might not exploit, resulting in a real opportunity to crystallise growth if alternative investments are created.
- iv. Interdependencies and complementarity of clusters means impact could be maximised if considered as a conjoined package of choices.
- v. There were common needs and barriers across clusters meaning that some interventions were likely to have a compounding positive impact if implemented effectively.
- vi. Investment in purely geographically focused clusters may not address regional inequity in the short term, and may exacerbate it.
- vii. Some clusters had large consumer benefits or social outcomes and so could present as high potential through certain business lenses, but may not contribute to Plan for Growth objectives in a material way

- as they were delivered outside the region.
- viii. Innovative or nascent clusters (due to current scale) may not meet Plan for Growth primary objectives, but are relevant for longer term growth aspirations.

She advised that six key opportunity costs in prioritising clusters had emerged, and inform viability of interventions: -

Impact - Outside of the Disruptive Technologies for Professional and Financial Services cluster, there was a trade-off between size and value of jobs.

Time Horizon - In some cases the most attractive sectors for long term growth would take longer to develop than others, due to current maturity and activity. Clusters that best serve short term employment growth may require different strategies to leverage existing infrastructure and trends rather than deepen or catalyse future ones.

Interventions - Clusters may benefit from a package of interventions which unlock greater value. There was a trade-off between the number of clusters selected and size of impact achievable, as well as appropriateness of the intervention ref/ time horizon.

Multiplier effects - There was integration and spill-overs between clusters. These can be maximised where clusters are intentionally conjoined as they unlock further growth potential. There was a trade off in conjoining clusters.

Risks - Each cluster (and associated investment) had a different risk profile in regards to both certainty of private sector commitment and onwards delivery as well as other external factors. There was a trade-off between potential and probability.

Geographical Distribution - Because of connectivity between clusters, to enhance value for money and spill overs, geographical concentration was likely to be reinforced. Clusters had varying patterns of diffusion. There was a trade-off between breadth of coverage and total impact.

Sarah Phillips advised that interventions including policy, financial and organisational interventions could recognise interdependencies between cluster needs to inform a programme of activity for the region and across the interventions a common set of themes had been established. The underlying interventions for primary and nascent clusters are in development and further discussions were required.

The welcomed the work and noted that the update included a lot of data included. He noted that it would become the centrepiece of the EGB and stated he would want to know in respect of the cluster work taking place now how the Plan for Growth would make a difference and make the projected numbers in the report become real.

Sarah Middleton stated that she would welcome a conversation off line but that she was interested in the quantum of jobs linked to the clusters, as within the Black Country there was a high proportion of leverage clusters brought which could provide growth in overall jobs across the region.

Councillor Ian Courts stated that his interest was in local jobs growth and would want to know more on creating a new talent pool in the region. The Chair advised that he had assumed the jobs were local. There was widespread consensus that skilled, well-paid jobs were required and Councillor Ian Courts highlighted that this would need planning through as it could take a number of years to train people. Whilst HS2 had been referenced the Chair stated that there was no reference to HS2 in the cluster work.

Sarah Phillips reassured Members that the intention was for local jobs and stated that the assumption was that the local market place was what gave the West Midlands scale, with skills being a priority.

The Chair advised that the region need good job opportunities and growth to retain talent in the region. He reiterated his thanks to Board Members for their work over the last five years and wished all well.

Resolved

That the update on the Plan for Growth and comments of the Board be noted.

The meeting closed at 4.00 pm

Chair