

BIRMINGHAM CITY COUNCIL

**ECONOMY, SKILLS & TRANSPORT O&S COMMITTEE –
PUBLIC MEETING**

**10.30AM hours on 27th February 2019, Committee Room 6, Council House –
Action Notes**

Present:

Councillor Tahir Ali (Chair)

Councillors John Clancy, Phil Davis, Fred Grindrod, Simon Morrall, Julien Pritchard, Lou Robson and Ken Wood

Also Present:

Lloyd Broad, Head of European Affairs and Interim Head of Employment and Skills

Baseema Begum, Research & Policy Officer

Rose Kiely, Group Overview & Scrutiny Manager

1. NOTICE OF RECORDING/WEBCAST

The Chairman advised the meeting to note that members of the press/public may record and take photographs.

2. DECLARATIONS OF INTEREST

Cllr Morrall declared a pecuniary interest as a web developer on the item 'Update on Engagement with WMCA'.

Cllr Grindrod declared an interest as he is employed by a trade union.

Cllr Clancy declared an interest as alternate substitute (Birmingham) on the West Midlands Local Government Pension Fund Pension Committee.

3. APOLOGIES

None.

4. ECONOMY AND SKILLS ACTION NOTES

The Committee agreed the action notes for the meeting held on the 30th January 2019.

5. QUARTERLY UPDATE ON THE IMPACT OF BREXIT ON THE CITY

(See document No. 1)

Lloyd Broad highlighted the key issues within the presentation that was disseminated to the Committee as part of the agenda pack.

During discussion with Members the following points were made:

- Concern that the number of social care workers from EU countries is higher than the 1/10 stated and the impact on service delivery going forward. The Council needs to ensure that supply agencies have measures in place so that there is minimum disruption to service users.
- In terms of the contingency funding being provided to local authorities it is imperative that the Council works with neighbouring authorities on issues that are cross boarder in the region to avoid duplication on investigative work.
- Most of the suppliers that are signed up to the Birmingham Charter for Social Responsibility (BCSR) use local suppliers where possible for goods/ materials/ equipment however there has been acknowledgement that there could be an impact on local businesses and therefore the Council needs to identify the issues that it is directly and indirectly affected by.
- How is the £201k contingency funding being spent and is it a re-current fund or a one-off amount?
- How long is the government committed to making funding available equivalent to the EU funds that the Council has been receiving and the impact of Brexit on EU funding resulting in a centralising effect.
- What happens to EU employment and skills funding following 29th March?

In response Lloyd Broad confirmed that:

- The West Midlands Combined Authority (WMCA) has set up regional groups with local authority specialists that are working collectively and undertaking deep dives as per the specialist groups outlined in the presentation. This work includes the broader provision and supply and not just the impact on local authorities. The Council is currently awaiting the outcome of this work. The groups are utilising up-to-date information released (e.g. statistics) by government in their work.
- The West Midlands Mayor has set up a special advisory group with the support of the economic portfolio lead Cllr Ian Ward. This group is the one point of contact with various key employers in the West Midlands and enables a co-ordinated conversation to take place at a senior level that covers the region.
- The contingency funding allocated is a one off sum to help areas prepare.

- There is a proposal that the 7 authorities in the WMCA use 50% of their contingency funding allocation as a pooled resource for regional work to avoid duplication of work.
- Jonathan Tew, Deputy Chief Executive and himself are managing the internal contingency working group and are holding a risk register. This work includes prioritising use of the contingency funding to support the public and businesses in reducing the impact of Brexit.
- It was confirmed that the UK Share Prosperity Fund should be available for 7-10 years (as per EU funding regimes) and be sustainable to address inclusive economic growth. The Council should in essence receive the same values and is making a case for the funding to be devolved. Full devolution to local areas would allow local authorities areas to align this to their local and regional industrial strategies to address local need and allow flexibility where required. The Council is waiting for a green paper with further information on proposals.
- The government guarantees funding on contracts that have received approval and are in the system (prior to 29th March) for a 3 year period up until the 2021/22 municipal year.
- Communication is key with businesses and the public. The Chamber of Commerce have a toolkit that businesses can use to help them prepare. Citizens on the whole seem more confused and there is a need for the Council to maintain calm, maintain confidence and make available information to residents and in particular EU nationals to indicate that it will be 'business as usual' but there will inevitably be some impacts and disruption.

RESOLVED:-

The report was noted.

6. UPDATE ON EU FUNDING AND SKILLS PROJECTS

(See document No. 2)

A presentation highlighting the key points was given by Lloyd Broad where he confirmed that the Youth Promise Plus (YPP) Phase 2 funding had been extended until 2022 with a sum of £42m agreed in total. The following comments were made in relation to the presentation:

- Further information can be provided on the young people involved in the YPP and their next steps. 4,000 young people have been supported and tracked. Conversion rates of those attaining a job is 30-40% and in line with expectations. Other young people who have not continued into employment do receive support but have been difficult to track through the employment service as they do not respond.
- Mohammed Zahir is the project lead on work to do with SMEs and can provide further information on targeting.
- Key issue of losing funding for example 50% of the amount received in EU funding for support to employment and skills programmes for young people post 2022 when that funding finishes.

- It would be useful for the local communities adjacent to the Commonwealth Games Athletes Village to be able to access the apprenticeship centre site to improve and learn other basic skills training if possible.
- The on-site apprenticeship facility is focussed on construction in regards to the needs of the Games however the Council is working with WMCA on a range of other sectors where this may also be possible.
- The Council is not accountable for every project listed in the presentation. Some of the projects are in partnership with other stakeholders. The Horizon 2020 funding is an example of this and these projects are expected to be delivered on.

RESOLVED:-

1. Cllr Wood asked for a breakdown of the figures of the young people on the YPP (by geographical area and how many young people came from deprived areas) including their next steps.
2. Cllr Wood asked for further information on the SME's supported via the Growth Hub (type, geographical spread, skills base, any particular areas targeted).
3. Cllr Davis requested further information on the JIVE project.
4. That the Committee receives 6 monthly updates on the YPP and this is timetabled onto the Committee's work programme.

7. WEST MIDLANDS COMBINED AUTHORITY UPDATE ON JOBS AND SKILLS AGENDA INCLUDING REGIONAL SKILLS PLAN AND SKILLS DEAL

(See document No. 3)

Lloyd Broad outlined the key points from the presentation circulated to Members and in response to comments he made the following points:

- In terms of reaching people it has always been a local authority policy to work with community organisations. As part of this 4 local employment and skills boards in 4 quadrants of the city have been established so that local people can find out about opportunities. The Council works with key stakeholders in communities through these and uses this approach to reach out to as many people as possible and using the various connections available including established partnerships where available (including to target the hardest to reach).
- COG funding is to be decided. A review has been commissioned to ascertain if it is fit for purpose. Currently it has been rolled out to schools with information on apprenticeships and jobs and skills opportunities.
- The Leader of the Council, Cllr Ward sits on the board of the WMCA and can feedback if representation needs to be addressed or is appropriate in terms of who is part of the regional skills board. Council officers feed into policy and strategy issues for Birmingham and as they relate to the region.
- Birmingham is different to other parts of the country such as Manchester as it has 3 Local Enterprise Partnerships (LEPs) in one mayoral authority area. One key issue is how any UK Share Prosperity funding would be driven through

these governance arrangements in terms of aligning the strategies and the structures in key areas such as a local industrial strategy.

RESOLVED:-

The report was noted.

8. WEST MIDLANDS LOCAL GOVERNMENT PENSION FUND (WMLGPF)

Members had a discussion on the Pension Fund and agreed on 3 key areas that they would like more information and discussion on at the Committee's next meeting. These were:

Governance/Admin:-

- a. How does the WMLGPF operate? How is the fund performing and who is benefitting?
- b. How are the contributions paid in by each local authority worked out as there is a difference in the amounts paid in by each of the member authorities?
- c. How can Birmingham City Council have some influence in bringing about any future change(s) for example in being part of the Fund? And any possible impact on the other authorities in the Fund.
- d. Does there need to be a review of the management of investment?
- e. West Yorkshire Pension Fund administered by Bradford City Council given as an example given of good practice. Is there best practice there that WMLGPF can learn from?

WMGLF Finances:-

- a. A breakdown of how much local authorities pay in and how much is paid out and how this has been calculated historically and presently (including liabilities).
- b. What are the investment management costs paid to run the fund?
- c. Where is the deficit figure coming from?
- d. How is the discount rate being applied and what are the future debts of the pension fund?
- e. Have the WMLGPF Auditors questioned the financial basis of the Fund's accounts in particular why 70% of assets are invested in the international equity markets?

Economic issues:-

- a. How the Fund can be used to support economic growth in the Midlands?
- b. How much is invested in equities, especially overseas and where are the assets invested?
- c. Who are the investment managers and how much are they paid?

- d. Consideration as to whether there should be a local and low carbon investment strategy given the scale of the fund?

RESOLVED:-

1. That representatives of the West Midlands Local Government Pension Fund Board and the Fund's Auditor, Grant Thornton are invited to the next meeting to take part in a discussion with Members.
2. Following the Committee's next meeting the Chair to seek approval from the Co-Ordinating Overview and Scrutiny Committee for a short report to be taken to a future City Council meeting to inform all Members. Subject to approval a cross-party member group of Cllrs Clancy, Pritchard and Wood will meet to discuss this further.

9. WORK PROGRAMME - FEBRUARY 2019

Cllr Grindrod requested that a representative of the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) is invited the Committee's April meeting to discuss how they currently operate and how the future operating model will work.

10. REQUEST(S) FOR CALL-IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)

None.

11. OTHER URGENT BUSINESS

None.

12. AUTHORITY TO CHAIRMAN AND OFFICERS

Agreed.

RESOLVED:-

That in an urgent situation between meetings the Chair, jointly with the relevant Chief Officer, has authority to act on behalf of the Committee.

The meeting finished at 12:42 hours.