

WEST MIDLANDS REGIONAL ASSEMBLY MEETING

Full Assembly Meeting

23 October 2009

Economic Downturn

1. Purpose

- 1.1 A the last Assembly Meeting, it was requested and agreed that a report on the Economic Issues be made a standing item on the Full Assembly's agenda.
- 1.2 This report seeks to update members on the current economic situation and changes to the Regional Economic Taskforce.

2. Recommendation

- 2.1 For members to note the report.

3. Background

- 3.1 The presentation attached as **Appendix 1** and received by the Shadow JSIB at their meeting in September 2009, gives and indication of the Scale of the Challenge.
- 3.2 Throughout the recession the West Midlands has been particularly badly hit compared with other region's. The general consensus of opinion seems to suggest that this is primarily due to the region's relatively high presence of automotive, construction and manufacturing businesses – all of which appear have suffered most from the fallout of the economic downturn.
- 3.3 Despite some encouraging indications of improvement, it is too early to declare an end to the current economic crisis.
- 3.4 In terms of the current situation, AWM's September Economic Update indicates that:

- The West Midlands PMI saw businesses in the region reporting a second month of both rising output and new orders in August, with the manufacturing sector reporting greater rises than the service sector. The region's improvement in output is the region's greatest for 18 months, but is still the weakest of the English regions.
- Despite rising new orders August saw companies in the region reporting the sharpest decline in outstanding business of the UK regions. This highlights the continued over-capacity of many companies.
- The number of employed people in the region fell by 26,000 in the three months to July 2009, with total levels now some 60,000 less than a year ago.
- The number of economically active people in the region rose by 7,000 in the three months to July whilst the number of economically inactive fell by 3,000. The region's economic inactivity rate fell to 21.6% over the quarter.
- The West Midlands continues to have the highest unemployment rate in the UK – at 10.5% it is now 4.2 percentage points higher than a year ago, with an increase of 117,000 people over the last 12 months.
- The number of Jobseekers Allowance claimants in the region rose by 2,800 between July and August 2009, a larger rise than seen for each of the last three months. The current total is some 75,700 higher than a year ago.
- August's PMI reported the 16th consecutive month of job-shedding by the region's businesses. Although the pace of employment losses was the slowest in the last year it remained steeper than the UK average.
- The number of notified redundancies in the region fell again in August to 1,741, with over 70% of these in the Birmingham & Solihull and Black Country sub-regions.
- The number of notified vacancies rose again in August, but remain 10% less than a year ago.

4. Mainstreaming the Economic Taskforce and Workstreams

- 4.1 The Taskforce was created in November 2008 to bring together partners in the West Midlands and develop the region's response to the economic downturn.
- 4.2 The Taskforce initially concentrated on putting in place the partnerships and structures to deal with the immediate impacts of the recession. However, as the long term nature of the recession has become more apparent, partners are now turning their attention

to what needs to be done to support recovery in the longer term, and more importantly, to make the region more resilient to future economic shocks. Increasingly therefore the focus is moving towards areas of activity which are already part of the remit for partner organisations.

- 4.3 The shadow JS&IB (also established in November 2008) with advice from the Regional Advisory Group is now turning its attention to developing the new 'Strategy for the West Midlands' which will set a 20 year vision for the region as part of the global economy; together with an Investment Plan defining how we will secure and utilise the resources needed to secure economic prosperity. It is important therefore to ensure that the work of the Taskforce continues to be positioned in a way which adds value to the agenda rather than duplicates existing activity.
- 4.4 In light of the need to mainstream activities, it was agreed at the last Taskforce meeting that the it should now meet every 6 weeks and would focus on:
- Strategic issues effecting the region in relation to the economy.
 - Challenging the region to take full advantage of Government initiatives to ensure maximise take-up and to capitalise on extra funding opportunities.
 - Improving the interaction between the region and Whitehall by being clear about what the region is asking of Government, and providing concise messages for the Regional Minister to take to Westminster.
- 4.5 It was also agreed that activities of the Taskforce's workstreams should be mainstreamed into existing regional structures. The work of the Business Support workstream is to be picked up by the Enterprise Board while the work programme of the Individuals and Communities workstream, which has been led by local Government is being taken up by the Economic Inclusion Panel.

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