

Speech by Ian Austin MP, Regional Minister

Thanks Angela and can I start by thanking Roy, Mick and all their colleagues for everything they're all doing to get our region through this recession and build a stronger economy for the future.

All of us here today - every single one of us - has a part to play in getting through the downturn and supporting people in this region; people who work for you or with you; people whose families rely on you; people who are looking to us - all of us here today - to show leadership, energy and commitment in tackling this downturn.

As Mick said, I don't think when we met here a year ago any of us could have seen how bad the downturn was going to be and how hard the West Midlands would be hit. The scale of global problems, financial losses and bad loans left some of our biggest banks in desperate trouble. Businesses went under because they couldn't raise finance. Families desperate to buy a home or coming off fixed rate mortgages but couldn't get a loan. Decent, hardworking people who've done nothing wrong - still in work - but terrified they'd lose their home.

The number one priority has been to help the region's businesses through the downturn. We were the first region in the country to establish a Task Force for this recession.

The Rover Task Force saw 95% of the workers who lost their jobs find another one. Based on that experience, I brought together the Chambers, the IoD and the CBI, government agencies like Advantage West Midlands, the Government Office, the Learning and Skills Council, and Job Centre Plus, our local authorities, trade unions and voluntary sector organisations to help families and the businesses they work for through this downturn.

By working together we were the first region to extend lending to businesses and save thousands of jobs through a regional loan fund. And we're the only region to increase available funding and extend lending to businesses in this way.

We brought banks and businesses together to try to get lending moving again. Since then 529 businesses have been offered loans worth over £52 million through the Enterprise Finance Guarantee Scheme.

Another first: our regional housing action plan to keep the construction industry moving.

We were first to launch a programme of subsidised jobs, training places and low-cost university courses for graduates struggling to find work this summer - an initiative now being copied by other regions and extended by the government nationally.

Our market towns have been particularly hard hit so we've provided extra support - £150,000 for advice agencies like Citizen Advice Bureau and a £250,000 package for market town retailers.

Meanwhile the Rapid Response Service, Jobcentre Plus and the Learning and Skills Council have worked with 700 employers to help more than 54,000 employees at risk of redundancy since November 2008.

Our Support WM website spearheaded the Real Help Now version now taken up across the country. We were first in securing the agreement of public sector organisations to pay suppliers in ten days.

Partnership working has launched our first ever Public Sector Employment Compact in Stoke and North Staffordshire, guaranteeing local jobs for local people and 250 new apprenticeships.

Our regional bid for support from the Future Jobs Fund - around £50 million to provide over 8,000 jobs - is the second highest figure in the country for round one – delivering on my pledge to make sure we get not just a fair share, but MORE than our fair share of available resources.

We've accelerated public spending on major infrastructure projects ensuring new investment goes ahead on projects like Stoke's University Quarter and the new homes needed in Coventry's New Deal for Communities.

Advantage West Midlands and ERDF funds are providing car component makers with specialist expertise and help through the automotive response programme. Try telling the workers at Zincast ...try telling the workers at Zincast where they've won a new £800,000 order from Makita and taken on more staff that AWM's support hasn't made a difference.

Our fight for the automotive industry saw us at the forefront of lobbying for the car scrappage scheme, which has generated more than 240,000 orders already and helped our local components industry.

The government has also introduced initiatives stabilise the economy and release credit that are helping the West Midlands, and every other region, get through our current downturn.

The Train to Gain programme will help an extra 160,000 people here in the West Midlands this year. 20,000 companies in the region have been able to defer £360 million in tax payments. 11,000 companies have been supported with Business Link Health Checks. £7.5 billion is providing over 115,000 homes, safeguarding around 160,000 jobs in the construction industry, and even more jobs in the wider supply chain. More money's available through the Kickstart and local authority new-build programmes. It's a good list of initiatives.

But it's nowhere near enough. Sir Roy will speak in more detail about the enormous challenges we have to overcome because our region has been hit harder by the downturn than anywhere else, not as a result of decisions taken over the last few years but because of mistakes made over the last four decades.

Think of it on a like-for-like basis, our regional output has been below the national average since 1976 - thirty years in which we've been falling further and further behind. And every one of us has to work harder than ever before if we're going to turn it around. And that means setting aside local prejudices, vested interests and preconceptions and working with others.

I'm from Dudley – grew up in the place I now represent. It's a massive privilege and no one is prouder of the place than me. But a friend of mine recently attended an Advantage West Midlands dinner having heard the speech about partnership working, having heard the speech about partnership working, someone senior from the Black Country leaned over and said, "If they think I'm ever working on anything that includes Birmingham, they've got another think coming." Let me tell you now, attitudes like that must be dead and buried.

I know rural areas often sometimes say they're getting a smaller piece of the funding cake from Advantage West Midlands than cities like Birmingham and Coventry. It's just not true. And perceptions like that have got to go too because they destroy the partnerships we need to build. The truth is that we either collaborate or we compete.

That means making compromises, agreeing common goals and setting aside vested interests. It's hard - of course it is - because you don't always get exactly what you want. But through working together we now have, for the first time ever, twenty agreed priority locations across the Region where organisations are pooling investment. I shouldn't think any of them got exactly what they wanted, but they all got some of what they wanted - and that's got to be better than nobody getting anything at all. It's the only way we'll win the resources to make the major structural changes we need to turn our economy round.

Last month, we signed up to the first Multi-Area-Agreement between government and the City Region. For the first time ever, eight local authorities, for the first time ever, eight local authorities and the government set aside political differences, vested interests and local demands, and brought the business community and our universities together to attack the problem of low skills and unemployment.

We've got other big challenges to develop our local economy

- Providing the new jobs and new homes our people need;
- Building better international trading links and improving our transport system delivering the nine regional transport priorities to boost trade and ease congestion

- Seeing how High Speed 2 can halve the journey time to London and turn parts of our region into a new Thames Valley, increasing investment in high-tech manufacturing like at Ansty where Ericsson have provided 850 jobs
- Exploiting the new green industries
- Helping lead the way on low carbon vehicle technologies
- Putting us at the forefront of the digital media revolution
- Ensuring we make the best of new industries and new jobs.

So I can announce today that I've asked Advantage West Midlands, through the Taskforce, to set up four working groups bringing together representatives from private industry and the universities.

I'm asking these four groups to review immediate opportunities for increased impact in a number of areas. First, there'll be a new low carbon group chaired by Julia King from Aston University. Members will include my ministerial colleagues David Kidney and Lord Hunt.

Second, a digital creative industries group chaired by Johnny Turpie from Maverick TV. The minister for Creative Industries, Sion Simon, has agreed to join the team.

Next, a Healthcare Technologies group will be chaired by David Gleaves of MidTech. I've asked Health Minister Mike O'Brian to play a part as we work out how to bring the jobs in the new medical developments to the West Midlands.

And finally, an advanced manufacturing group will be led by Harry Reilly of Brintons Carpets and my deputy Lynda Waltho. Harry also chairs the Beacon Manufacturing Group to plan how we lead the way in new manufacturing technologies just as we did in the past

And there are other massive opportunities we need to exploit for the region:

- Relocation of civil service and public sector jobs like the Ministry of Justice
- The Olympics
- Strengthening the tourism industry and providing a permanent home for the Staffordshire Hoard

All this in addition to the long-term strategic work already underway to develop the region's economy.

Our regional econ strategy remains in place to tackle the fundamental problems of the West Midlands economy:

- Our need for better skills, better jobs, more businesses
- Our need for better links between centres of excellence and business so we become more entrepreneurial as a region
- And the only organisation that can help us deliver all this is AWM

So finally, before I finish, let's take a look at the elephant in the room. There will be a general election next year. There's a huge amount at stake. The polls are currently predicting a Conservative government. I think there's everything to play for, but one of the consequences would be the abolition of the RDAs.

Just last week, the shadow minister for international trade came to Birmingham and told us the Conservative party will abolish regional development agencies – apart from the one in London! He said. "It is quite unnecessary to have an RDA structure. It is a tier of government which is not needed."

But one business leader and Birmingham manufacturer said "There is a need for something between central and local government, something that takes a regional view, something that is not locked into petty politics between Birmingham, Wolverhampton, Coventry and others, something strategic."

I think that's right – look at AWM's record:

- 87,000 jobs and 7,500 new businesses
- 127,000 people with better skills
- 96 pence out of every pound going straight to front-line investment
- Every pound generating over £7-worth of benefits
- Driving regeneration of the south side of Birmingham city centre
- Sorting out Fort Dunlop
- The Edgar Street Grid in Hereford,
- New Street Station
- And the next phase of Keele Science Park.

Huge, complex projects that would never have happened if AWM had not unblocked them, only possible because RDAs get government, business and local authorities all work together.

All this work designed to transform communities that have faced the brunt of the huge economic changes taking place faster than ever before. The great cities and communities that were built in the Industrial Revolution and in turn built twentieth century Britain, now face great challenges. Huge forces way beyond those communities' control.

Economic growth over the last decade has seen the UK grow faster than continental Europe and Japan for the first time in around a century. And productivity gains have

meant higher wages - the poorest fifth getting a post-tax pay rise of almost £3000 per year.

But that change hasn't been cost-free. And when capital, jobs, businesses and whole industries can move right around the world, it's been Britain's poorest communities that have paid the highest price for the benefits of globalisation.

So in Stoke we're working to tackle problems caused by the decline of the pits and the Potteries; in the Black Country, the changes in manufacturing. And faced with this massive restructuring, we have a choice - we can blame the government and say that if we only got "government out of the way" communities would be free to transform themselves or we can say that whilst communities still struggle with poverty and our economy lags behind the rest of the UK, there **is** a role for organisations that can get government, business, the third sector, educational institutes and local authorities all working together

So let's raise our sights, adopt new ideas and new approaches, let's work together -- harder than ever before, set aside for ever the prejudices of Black Country against Birmingham, city against country, public sector against private sector.

Let's jointly pledge that as we overcome this recession and as our economy grows again, we will not leave any community behind. We'll build a stronger economy by exploiting new opportunities with better skills and more innovation and together we'll transform the West Midlands and the lives of the people who live here.

Thank you.