

Opening address by Mick Lavery, Chief Executive, Advantage West Midlands

Introduction and context

Good morning and welcome to Advantage West Midlands Annual Conference.

Now last year when we gathered here in this room the full impact of the recession was just starting to become clear. I closed my speech by saying “I look forward to standing on this stage again next year, celebrating another year of our joint achievements”.

Now it’s tempting during times of recession to underplay achievements for fear of seeming out of tune or out of touch, but when times are difficult I believe it is even more important to talk about what we have achieved together and to remind ourselves of the part we can each play in improving the economic prosperity of the West Midlands.

For our part at Advantage West Midlands we essentially do three things: firstly we assess how the Region is doing and then develop a Strategy on behalf of the Region to address the challenges the Region faces and exploit the opportunities the Region has. Secondly we invest all our energy and resources delivering our share of the Strategy. And thirdly and most importantly, given the scale of the challenges the Region faces we encourage and persuade our partners to do the same to invest their resources and their energy behind the Strategy - the Regions Strategy and not as many people think AWM’s Strategy.

Now the easy bit is developing the Strategy with our many partners, local authorities, government agencies, universities and business organisations to name but a few; the difficult bit is getting real traction on our partner’s resources and investment, particularly our Private Sector partners and I’ll come back to that later.

Achievements

Now with the support of many of our partners here today and others who aren’t with us, we are continuing to make a difference in line with the West Midlands Economic Strategy, the roadmap for our Region’s economic development. So I’d like to give a few examples of our joint achievements, some of which may be familiar to you and some of which may not.

In September of this year we celebrated with Ericsson as they opened the doors of their new software development and global support centre. Located at Ansty Park in Warwickshire, their state-of-the art centre is home to 850 of Ericsson’s leading research and development staff.

Working with Rugby Borough Council Warwickshire County Council and the Highways Agency our collective efforts and investment to prepare the site and improve its accessibility proved instrumental in persuading Ericsson to locate such a crucial part of their worldwide operation on our site, in the UK.

Now success often breeds success so we were delighted when two of our Ministers, Pat MacFadden and Ian Austin approved our bid last week to locate the National Manufacturing Technology Centre, also at Ansty Park.

This centre will be a £40 million world class manufacturing research facility used by the likes of Rolls Royce and Jaguar Land Rover, further cementing the Region's reputation as the home of UK manufacturing and equipping the Region to attract and retain technology led businesses.

And whilst the site is not yet full Ericsson and the National Manufacturing Technology Centre take us a step closer to our vision for Ansty Park that it will be the home to 5,000 high value added technology based jobs.

But we don't just work with large organisations on big projects for example Business and Leisure Tourism in the West Midlands currently supports over 100,000 jobs in over 30,000 companies and Leisure Tourism alone is worth over £6 billion per annum to the Region's economy.

So in the spring of this year with the support of Tourism West Midlands local authorities and our tourism partners from across the Region, our Regional Minister, Ian Austin launched a £25 million Tourism Action Plan to encourage more visitors to experience our world-class attractions, our first-class conference and shopping centre's, our fantastic theatres, our beautiful countryside and to boost our Region's economy.

And working with partners at Marketing Birmingham the NEC group and Birmingham City Council we helped secure and deliver the 2009 Rotary convention here in Birmingham, a fantastic coup for the Region.

But while Birmingham was proud to host such a prestigious event, I suspect many people - just like me - were a bit embarrassed at the thought of all those visitors using New Street Station, our very own 1960s concrete maze.

So seeing building work commence at New Street Station a couple of months ago was an important milestone for this Region. The commencement of these works is a powerful signal to our businesses and our communities and most importantly potential investors.

Recession or no Recession - this is a Region investing in its future.

Opening in 2015 the re-developed New Street Station will double passenger capacity and will deliver over £2 billion in transport and wider economic benefits for the Region including the creation of 10,000 jobs.

Projects such as New Street Station demonstrate what can be achieved when partners, in this case Birmingham City Council, Centro, Network Rail, DfT, Politicians and Advantage West Midlands; all work together.

Working in partnership

And as public sector funding reduces *as we all know it will*, working in partnership will become increasingly vital, as will prioritising investments. So since our last conference, working with our local authority and other partners we have agreed and launched the Regions Transport Priorities Action Plan - demonstrating our determination to focus on transport priorities to increase our connectivity and to help unlock our Region's economic potential.

And working alongside our partners on the Joint Strategy & Investment Board, the local authorities, the Homes & Communities Agency, the LSC and the Highways Agency, we've prioritised 20 Impact Investment Locations across the Region.

All 20 are multi-partner, funded Regeneration Schemes, all are crucial to the Region's long term economic prosperity and all of them will only proceed if they are the highest priority for each of our partners.

And this approach is already achieving success for the Region.

The process of working together and agreeing collective priorities *along with some arm twisting by our Regional Minister* led directly to the Region successfully securing **2** of only **13** national LSC major capital projects; Bourneville College in Longbridge and Sandwell College in West Bromwich.

We got **2** out of **13** because we clearly and persuasively made our case that both were integral parts of two of our 20 Impact Investment Locations.

And take the work we started with Birmingham City Council almost two years ago, securing the services of consultants GG21 to build the economic case for a High Speed Rail Network long before others saw the potential of High Speed Rail.

Such a line will enable travel from Birmingham to London within 45 minutes to Heathrow in 40 minutes and Manchester in 38 minutes. These reduced journey times have the potential to attract investment regeneration and new jobs significantly boosting our economy.

Altogether High Speed Rail will make the West Midlands better connected and will act as a magnet for encouraging businesses to relocate to the Region, especially those in an increasingly congested and over-crowded South East.

And we along with our partners, have made it clear that there should be two stations to ensure maximum economic benefit for the Region - one serving Birmingham City Centre and a Parkway station by or near Birmingham International Airport & the NEC.

Through contacts with Ministers advisors and senior Whitehall decision makers the Region's Joint Strategy & Investment Board will continue to make the case for the West Midlands.

We know the opportunities and benefits that High Speed Rail will bring and we know what we can achieve if we work together.

We must now ensure that Politicians, business leaders and partners from across the West Midlands speak with a united voice in favour of High Speed Rail and are ready to make the difficult decisions that we will undoubtedly have to make when the time comes.

All the examples I've given are examples of what we can achieve when we work together. Proactive Partnerships; partnerships that don't just wait for opportunities to land in the Region's lap but partnerships which seek out new projects for the Region to compete for and win.

But, if challenged to select just one example of what this Region can really do when it works together then for this year it would be the West Midlands Taskforce. It is also an example where Advantage West Midlands has performed its leadership role successfully which makes me very proud.

The West Midlands Taskforce and the regional "Supportwm campaign" have received national and regional Praise.

Why? Well just like the Rover Taskforce it pulls together all our partners local authorities, the LSC, JobCentre plus, Business Link, Business Organisations, the Unions and the 3rd Sector, all working together to minimise the short term impact of the Recession on the Region ... safeguarding jobs, safeguarding businesses and when neither is possible, supporting those affected with help in finding new employment or improving their skills.

This point provides me with the ideal opportunity to say thank you to Ian Austin for his commitment to the Taskforce for all the lobbying we know he does on behalf of the Region and for delivering on his promise of being a West Midlands man in Whitehall not Whitehall's man in the West Midlands.

A challenging year for AWM

But in case you were thinking everything is working well and the Region can confidently look forward, I just want to spend a minute or two talking about the challenges that Advantage West Midlands has faced this year and the challenges ahead for both Advantage West Midlands and the Region.

When we developed our Corporate Plan back in 2008, the economic landscape was a very different one. The Recession has forced us to make difficult decisions, decisions regarding the use of our resources - resources that have had to balance the downturn from the Recession with the need to invest for the eventual upturn.

As a result of the Recession, we have had to refocus our funding to help businesses survive initially re-directing £64 million of our £300 million budget towards a package of additional business support. We then had to cope with a £48 million cut in our budget and a £21 million fall in our land and property receipts.

Our resources are being squeezed tighter than ever. We are being challenged just as I know you all are to do more with less. All this meant that we had to review our entire project portfolio and re-prioritise our investments. In total, we reviewed 906 projects and we were pleased to be able to reconfirm our commitment to 784 of these projects – totaling some £1.1 billion of funding.

When deciding which investments to prioritise we used the Gov't's Impact Evaluation Study. The study that showed Advantage West Midlands and our partners were returning £7.45 for every £1 invested to ensure those investments that will provide the biggest return were protected.

We also safeguarded the 20 Impact Investment Locations jointly agreed with our partners and the Joint Strategy & Investment Board. But as is inevitable in such circumstances making these choices and then sharing the outcome with partners whose projects were being cut back or cut altogether was difficult.

But I don't think this will be the last time Advantage West Midlands or for that matter most of our partners will have to re-prioritise and make some difficult decisions - it's going to become a fact of life.

Now none of us can predict what the medium to long term future holds for the economy, for Government or for that matter, Advantage West Midlands. The future is as always uncertain perhaps more so now than ever and as a famous Greek philosopher once said "change is the only constant".

There has been a lot of talk recently about the future of Regional Development Agencies and depending on who you listen to; we are either vital to the future prosperity of the UK or superfluous to requirements and ripe for being abolished *and everything in between*.

Obviously as Chief Executive of Advantage West Midlands I think about our future. But I can honestly say, I don't believe Advantage West Midlands has some "divine right" to survive or that Advantage West Midlands must be given some sort of special treatment or protection.

However, what I do believe and I know Sir Roy also believes is that there are a set of functions, services, activities or whatever you want to call them that are best carried out in the gap between National and Local Government.

I also believe that economic growth will and must be a focus for the next Government if we are to start the long climb out of Recession and that the skills and competencies within Advantage West Midlands are scarce and valuable resources.

And I also believe that if we don't design a model in the West Midlands that suits us all, we'll have something imposed that might not suit us at all.

However, I would like to reassure you all of one thing, regardless of all the speculation about what the future might hold for Advantage West Midlands, I remain fully committed to leading an organisation focused on improving the long term prosperity of the West Midlands.

But how are we doing?

But how is the West Midlands doing?

I've talked a bit today about some of our joint achievements. I've also talked about our partnership working and the successes we have enjoyed by working together. I mentioned the success of the Taskforce and the return of £7.45 for every £1 invested that Advantage West Midlands has achieved with its partners.

But I haven't talked about the state of the West Midlands economy. As Sir Roy will spell out in his speech the West Midlands economy is currently in Poor Shape.

We are steadily falling behind other Regions. We currently have the highest level of unemployment of any Region. Our output has just got even bigger - now standing at £15 billion. And the challenges set out in the West Midlands Economic Strategy around low levels of skills, innovation and enterprise stubbornly remain.

And they remain because although we're doing some good stuff together, in partnership we're just not doing enough. Now if we stand back and look at this picture we can't kid ourselves that if we carry on doing what we have been doing together, that we will deliver the prosperity we all want - we clearly won't.

Now that's quite a sobering thought.

And, as Sir Roy will point out it's also quite a surprising thought if you consider the assets and advantages this Region has. But maybe because we're in such poor shape, it's time to acknowledge we all need to do better.

Maybe the harshness of the Recession in the West Midlands will galvanise us as never before. Maybe it's time for all of us in the Public Sector to stop kidding ourselves that we can do it on our own without really engaging the Private Sector. Maybe it's time for the Private Sector to consider whether they are playing their full part in creating a new economic future for the Region

Maybe it's time to acknowledge that if we genuinely want businesses and business organisations to join with us in a concerted effort to tackle the challenges and exploit the opportunities the Region faces, then we need to genuinely engage with each other and accept we won't always agree or we won't always like what each has to say. But maybe that's to be welcomed as a sign of mature partnership working and maybe if we don't do these things people will look back in years to come and ask the question:

'JUST WHAT WERE THE LEADERS IN THE WEST MIDLANDS DOING DURING THE LAST RECESSION'

Now I for one would rather that they don't have to ask that question. And I hope that you do too.

Thank you