

Minutes of a Meeting of the Economic Development Overview and Scrutiny Committee held on 26 July 2005

Present: Councillor Mick Jones (Chair)
" Anne Forwood (Vice Chair)
" George Atkinson
" Peter Barnes
" Michael Doody
" Eithne Goode
" Pat Henry
" Frank McCarney
" Philip Morris-Jones
" Ian Smith

Also present: Councillor Martin Heatley, Portfolio holder for environment, Chris Saint, Portfolio holder for economic development , Councillor Bob Stevens and Councillor Ray Sweet.

Officers: Bill Basra, Corporate Review Team
Victoria Cook, Group Assistant , Chief Executive's Dept.
John Deegan, Director of PTES
Sarah Duxbury, Principal Solicitor, Chief Executive's Dept.
Jean Hardwick, Principal Committee Administrator, Chief Executive's Dept.
Jeff Marlow, Strategy Unit, PTES
Paul Seamer, Performance Management Unit, PTES
John Scouler, Head of Social and Economic Regeneration, PTES.
David S Williams, Economic Development Officer, PTES.

Invitees: (see attached attendance sheet)

1. General

(1) Apologies.

Apologies for absence were received from Councillors Bernard Kirton, John Ross and Izzi Seccombe.

(2) Members' Disclosure of Personal and Prejudicial Interests.

None

(3) Minutes of the meeting of the Economic Development Overview and Scrutiny Committee held on 23 June 2005

Resolved that the accuracy of the minutes of the meeting held on 23 June 2005 be agreed as a correct record and be signed by the Chair subject to –

In respect of Minute 1 (3) (b) – Jaguar Cars, on a point of accuracy, Councillor Morris-Jones said that his concerns related to –

- (i) suppliers as well as contractors and sub-contractors;
- (ii) the reduction in manufacturing at Jaguar Cars and not redundancies.

2. Public Question Time

None.

3. The Future of the Automotive Industry

Members considered the report of the Director of Planning Transport and Economic Strategy which outlined the presentations to be made by external speakers on recent events affecting the automotive sector.

The Chair welcomed everyone to the meeting, introduced the speakers and outlined the programme, which would include an opportunity for questions and discussion on the future prospects for the industry with contributions from invited guests. He considered that the issue impacted on a much wider area than Warwickshire and extended into the sub-region. The conclusions drawn from the discussions on this topic would be taken into account in the development of the revised Regeneration Strategy for Warwickshire County Council and would be publicised externally by way of a report, which would be produced by the Planning, Transport and Economic Strategy Department.

(Copies of the presentation materials used during the course of the meeting are available on request).

(1) What's Happening in the Automotive Industry in Warwickshire?

Jeff Marlow and Paul Seamer, Warwickshire County Council, provided an outline of recent trends and prospects. In particular they focussed on recent negative developments in and around Warwickshire, including job losses at Peugeot and Jaguar and very recently MG Rover. It was reported that, unlike other areas of the country, the number of people employed in this sector had remained at sustained levels over the last ten years. This was seen as a sign of the health of the industry in Warwickshire. However, the high profile losses incurred were indicative of the wider global automotive market and sector, which was expanding in South and East Asia and the Far East at the expense of Europe and North America.

(2) The Collapse of MG Rover

Dianne Williams, Coventry and Warwickshire Chamber and Business Link, reported on the impact of the automotive industrial changes and the support that had been, and was being, offered to companies to minimise that impact. In particular the current situation was contrasted favourably with the original collapse of the Rover Group in March 2000. Since that time, the information on companies trading with MG Rover was better and better support could be provided. Also, in many cases companies had been able to diversify and develop new markets and technologies.

As a result of the work done since 2000 the Chamber was able to act in advance of the 2005 announcement and was able to respond quickly to those companies that were most likely to be affected. Using the model of the Rover Task Force set up in response to the 2000 crash, financial assistance was offered to such companies giving them the 'breathing space' to allow them to determine the most appropriate way forward.

Despite such assistance Dianne Williams concluded by outlining the following concerns -

- There was a lack of new projects from the remaining original equipment manufacturers (OEMs), which could benefit the supply chain.
- There was a continuing need for firms to diversify.
- Inadequacy of funding to support diversification, modernisation and cultural change (Task Force Funding would only be available until March 2006). This was particularly pertinent where firms were trying to diversify into new markets, which were difficult to break into e.g. medical technologies and research and development.
- Overall there was a lack of UK investment in the automotive sector when compared with the global context.
- The impact that the loss of such industries could have on the skills base.

(3) Broadening the Automotive Offer

Dr Nick Henry, Motorsport Research Associates, referred to Warwickshire's historic reliance on automotive manufacturing and engineering and the impact of globalisation. He explained that the industry had been in decline for some 20 years with restructuring, rationalisation, relocation, off-shoring, etc, with MG Rover, Peugeot being the latest examples. This was part of an overall trend where mass volume manufacturing was being replaced by niche knowledge driven automotive industries, and for more low cost volume assembly work to be lost to the area.

The point was also made that 75% - 80% of the world's motor sport vehicles were made in 'Motor sport Valley' (AWM, EMDA, EEDA, SEEDA) and that Warwickshire fell within that area.

(4) The Automotive Academy

Dr Nick Barter, former Launch Director of the Automotive Academy, outlined the purpose of the Academy which was to promote a skills based training that was industry led, promoted world class standards and provided training across the spectrum of shop floor to boardroom. Members were informed of the philosophy behind the Academy programmes, the quality of the courses and how they would be achieved. In conclusion, the importance of the Academy was reiterated, as it would be instrumental in ensuring that the UK retained its competitive edge, which was based on knowledge, skills and technological expertise,

Question and answer session

Members of the Committee noted that although references had been made within presentations to the availability of highly skilled jobs, their personal experiences had been of engineering and more generally science based graduates being unable to find employment that matched their degrees.

In response it was noted that there were considerable technical vacancies within the automotive industry and that problems identified by the Committee were often due to a 'skills gap' between graduates and industry requirements. This problem had been acknowledged by the industry and was in the process of being addressed.

It was noted that, whilst the focus of the meeting had been the vehicle makers, little attention had been paid to those who would be affected as suppliers. Comments from the speakers were also invited on the general trends within the UK which had seen the decline of mass production, transferral of ownership and the development of niche markets which although competitive were not labour intensive.

In response it was noted that, notwithstanding the current situation, the motor industry was still in a good state of health. It was acknowledged that although the ownership of companies might have globalised, the skills that were being used were British and within the UK and as a result a positive outlook had to be retained.

A general discussion was held on the changing nature of the car industry and efforts that could be made by governments both local and national to create a better environment for industry to thrive.

It was noted that at national level, many of the initiatives were emanating from Central Government to address the current changes and create an atmosphere that was conducive to change. At a regional level more could be done in conjunction with Advantage West Midlands and Coventry Solihull and Warwickshire Partnership to develop learning and skills, consider links with Universities and support diversification.

A Managing Director, from a local engineering company highlighted (i) The need to engage with industrialists – and the general disappointment that very few were represented at the meeting; (ii) The need to maximise benefit from the UK's

relationship with the USA and (iii) the need for improved infrastructure and signage to assist companies with distribution.

At the invitation of the Chair, closing remarks from the speakers focussed on –

- The need to acknowledge global forces and trends.
- The importance of developing skills, knowledge and technology to help foster the established and emerging niche markets.
- Acknowledging the role that national and local government could play in providing the right environment and infrastructure for industry.
- The need to be positive about the strengths and successes within the region and focus on how we support those market strengths.

John Deegan thanked all the speakers and, in particular, he was grateful for the positive statements despite the difficult circumstances. He emphasised the strengths of the region and focussed on the following themes that had emerged from the meeting –

- Developing a consistent message – the region was on the edge of the South East and with its excellent transportation links was well placed to take advantage of any economic opportunities with quality of life as a key attraction.
- Partnership working - the County Council would not meet all the challenges by itself and there was a key role for central government and the private sector. With this in mind, there were six key areas that would require consideration –
 - (a) The need for better integration of skills and the economic development agenda;
 - (b) The need for a distinctive identity for Coventry and Solihull and Warwickshire from the rest of the West Midlands – which in characteristics and performance were very different.
 - (c) Upskilling – shift of emphasis – away from mass production to niche markets and specialist markets. The sub-region had some specific land development opportunities, which were unique to the region and could be made to help develop the industry;
 - (d) Diversification particularly around medical technology and ICT and the potential for unique land development opportunities to support diversification. Even so, the County Council had to recognise the possibility of conflict between the economic development and planning agendas.
 - (e) Although the South East was the principal vehicle for economic activity, it suffered from congestion and a poor quality

environment, which could result in companies relocating to Warwickshire. It was important, therefore, that the region in striving for economic development protected the quality of its environment.

- (f) As highway authority the County Council had to consider the need for major investment in infrastructure.

The Chair thanked the speakers and audience for attending the meeting. The findings had been very interesting. There was much work to do in the future and the County Council would look to take forward take the issues raised.

4. Provisional Items for Future Meetings and Forward Plan Items Relevant to the Work of this Committee

(a) Provisional Items for Future Meetings

Members considered the provisional items for the Committee's future meetings and noted that these would be subject to change as the year progressed.

(b) Forward Plan

Members noted the Forward Plan item relevant to the work of this Committee as follows -

Cabinet – 30 June 2005

Regional Housing Strategy – Response to Government Strategy.

5. Any Other Items of Urgent Business

There were no items of urgent business.

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Chair of the Committee

The Committee rose at 12:50 p.m.